

CITY OF ESCANABA, MICHIGAN  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
Fiscal Year Ended June 30, 2008

Prepared by:  
Office of the Controller

## TABLE OF CONTENTS

Page

### INTRODUCTORY SECTION:

Organization Chart . . . . .	2
Listing of Principal Officials . . . . .	3
Letter of Transmittal. . . . .	4

### FINANCIAL SECTION:

Independent Auditor's Report . . . . .	8
Management's Discussion and Analysis . . . . .	10

### **BASIC FINANCIAL STATEMENTS:**

#### Government-wide Financial Statements:

Statement of Net Assets. . . . .	15
Statement of Activities. . . . .	16

#### Fund Financial Statements:

Balance Sheet - Governmental Funds . . . . .	17
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets. . . . .	18
Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds . . . . .	19
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities. . . . .	20
Statement of Net Assets - Proprietary Funds. . . . .	21
Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds. . . . .	22
Statement of Cash Flows - Proprietary Funds. . . . .	23
Statement of Fiduciary Net Assets/Statement of Changes in Fiduciary Net Assets . . . . .	24

Notes to Financial Statements. . . . .	25
--	----

### **REQUIRED SUPPLEMENTAL INFORMATION:**

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund . . . . .	61
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Major Street Fund. . . . .	73
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Local Street Fund. . . . .	74

### **OTHER SUPPLEMENTAL INFORMATION:**

Combining Balance Sheet - Nonmajor Governmental Funds. . . . .	76
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds . . . . .	77

#### General Fund:

Comparative Balance Sheet. . . . .	79
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual . . . . .	80

#### Special Revenue Funds:

Combining Balance Sheet - Nonmajor Special Revenue Funds . . . . .	82
--	----

## TABLE OF CONTENTS

	<u>Page</u>
<u>Special Revenue Funds: (continued):</u>	
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Special Revenue Funds. . . . .	84
Major Street Fund:	
Comparative Balance Sheet. . . . .	86
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual . . . . .	87
Local Street Fund:	
Comparative Balance Sheet. . . . .	88
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual . . . . .	89
Parking Maintenance Fund:	
Comparative Balance Sheet. . . . .	90
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual . . . . .	91
Downtown Development Authority Fund:	
Comparative Balance Sheet. . . . .	92
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual . . . . .	93
Brownfield Fund:	
Comparative Balance Sheet. . . . .	94
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual . . . . .	95
Drug Law Enforcement Fund:	
Comparative Balance Sheet. . . . .	96
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual . . . . .	97
Delta County Central Dispatch Authority Fund:	
Comparative Balance Sheet. . . . .	98
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual . . . . .	99
Library Fund:	
Comparative Balance Sheet. . . . .	100
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual . . . . .	101
Housing Rehab Fund:	
Comparative Balance Sheet. . . . .	102
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual . . . . .	103
Grants Fund:	
Comparative Balance Sheet. . . . .	104
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual . . . . .	105

## TABLE OF CONTENTS

	<u>Page</u>
<u>Special Revenue Funds:</u> (continued)	
UDAG/DIAL Grant Fund:	
Comparative Balance Sheet . . . . .	106
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual . . . . .	107
E.D.A. Revolving Loan Fund:	
Comparative Balance Sheet . . . . .	108
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual . . . . .	109
Farmers Homes Grant Fund:	
Comparative Balance Sheet . . . . .	110
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual . . . . .	111
M.S.C. Revolving Loan Fund II:	
Comparative Balance Sheet . . . . .	112
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual . . . . .	113
Land Development Fund:	
Comparative Balance Sheet . . . . .	114
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual . . . . .	115
Sanitary Landfill Fund:	
Comparative Balance Sheet . . . . .	116
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual . . . . .	117
<u>Enterprise Funds:</u>	
Combining Statement of Cash Flows . . . . .	119
Electric Utility Fund:	
Comparative Statement of Net Assets . . . . .	120
Comparative Statement of Revenues, Expenses and Changes in Net Assets . . . . .	121
Comparative Statement of Cash Flows . . . . .	122
Comparative Schedule of Operating Expenses . . . . .	123
Schedule of Changes in Property, Plant and Equipment . . . . .	124
Water Utility Fund:	
Comparative Statement of Net Assets . . . . .	125
Comparative Statement of Revenues, Expenses and Changes in Net Assets . . . . .	126
Comparative Statement of Cash Flows . . . . .	127
Comparative Schedule of Operating Expenses . . . . .	128
Schedule of Bond Principal and Interest Maturities . . . . .	129
Schedule of Changes in Property, Plant and Equipment . . . . .	131
Waste Water Utility Fund:	
Comparative Statement of Net Assets . . . . .	132

## TABLE OF CONTENTS

	<u>Page</u>
<u>Enterprise Funds: (continued)</u>	
Comparative Statement of Revenues, Expenses and Changes in Net Assets . . . . .	133
Comparative Statement of Cash Flows . . . . .	134
Comparative Schedule of Operating Expenses. . . . .	135
Schedule of Bond Principal and Interest Maturities. . . . .	137
Schedule of Changes in Property, Plant and Equipment. . . . .	139
 Marina Fund:	
Comparative Statement of Net Assets . . . . .	140
Comparative Statement of Revenues, Expenses and Changes in Net Assets . . . . .	141
Comparative Statement of Cash Flows . . . . .	142
Schedule of Changes in Property, Plant and Equipment. . . . .	143
 <u>Internal Service Funds:</u>	
Combining Statement of Net Assets. . . . .	145
Combining Statement of Revenues, Expenses and Changes in Net Assets . . . . .	147
Combining Statement of Cash Flows. . . . .	149
 Escanaba Building Authority Fund:	
Comparative Statement of Net Assets. . . . .	151
Comparative Statement of Revenues, Expenses and Changes in Net Assets . . . . .	152
Schedule of Bond Principal and Interest Maturities . . . . .	153
 Motor Vehicle and Equipment Fund:	
Comparative Statement of Net Assets. . . . .	154
Comparative Statement of Revenues, Expenses and Changes in Net Assets . . . . .	155
Schedule of Changes in Equipment . . . . .	156
 Office Equipment Fund:	
Comparative Statement of Net Assets. . . . .	160
Comparative Statement of Revenues, Expenses and Changes in Net Assets . . . . .	161
Schedule of Changes in Equipment . . . . .	162
 Risk Retention Fund:	
Comparative Statement of Net Assets. . . . .	163
Comparative Statement of Revenues, Expenses and Changes in Net Assets . . . . .	164
 Dental Fund:	
Comparative Statement of Net Assets. . . . .	165
Comparative Statement of Revenues, Expenses and Changes in Net Assets . . . . .	166
 Health Insurance Fund:	
Comparative Statement of Net Assets. . . . .	167
Comparative Statement of Revenues, Expenses and Changes in Net Assets . . . . .	168
 Worker's Compensation Fund:	
Comparative Statement of Net Assets. . . . .	169

## TABLE OF CONTENTS

Page

### Internal Service Funds: (continued)

Comparative Statement of Revenues, Expenses and Changes in Net Assets . . . . .	170
--	-----

#### Unemployment Compensation Fund:

Comparative Statement of Net Assets . . . . .	171
Comparative Statement of Revenues, Expenses and Changes in Net Assets . . . . .	172

### Permanent Fund:

#### Gas Retirement Fund:

Comparative Statement of Net Assets . . . . .	174
Comparative Statement of Revenues, Expenses and Changes in Net Assets . . . . .	175

### Fiduciary Funds:

#### Private Purpose Trust Funds:

Combining Statement of Fiduciary Net Assets . . . . .	177
Combining Statement of Revenues, Expenses and Changes in Fiduciary Net Assets . . . . .	178

#### Catherine Bonifas Trust Fund:

Comparative Statement of Fiduciary Net Assets . . . . .	179
Comparative Statement of Revenues, Expenses and Changes in Fiduciary Net Assets . . . . .	180

#### Bezold Trust Fund:

Comparative Statement of Fiduciary Net Assets . . . . .	181
Comparative Statement of Revenues, Expenses and Changes in Fiduciary Net Assets . . . . .	182

#### Pension Trust Fund:

##### Public Safety Retirement Fund:

Comparative Statement of Plan Net Assets . . . . .	183
Comparative Statement of Revenues, Expenses and Changes in Plan Net Assets . . . . .	184

#### Tax Collection Agency Fund:

Statement of Changes in Assets and Liabilities . . . . .	185
Schedule of Collections for and Remittances to Other Governmental Units . . . . .	186

### Governmental Funds Fixed Asset Listing:

Schedule of Changes in Governmental Funds Fixed Assets . . . . .	189
--	-----

### SINGLE AUDIT:

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards . . . . .	191
---	-----

Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 . . . . .	193
---	-----



## TABLE OF CONTENTS

Page

### SINGLE AUDIT: (continued)

Schedule of Expenditures of Federal Awards . . . . .	195
Notes to Schedule of Expenditures of Federal Awards. . . . .	196
Schedule of Findings and Questioned Costs. . . . .	197
Resolution of Prior Years Findings and Questioned Costs. . . . .	199

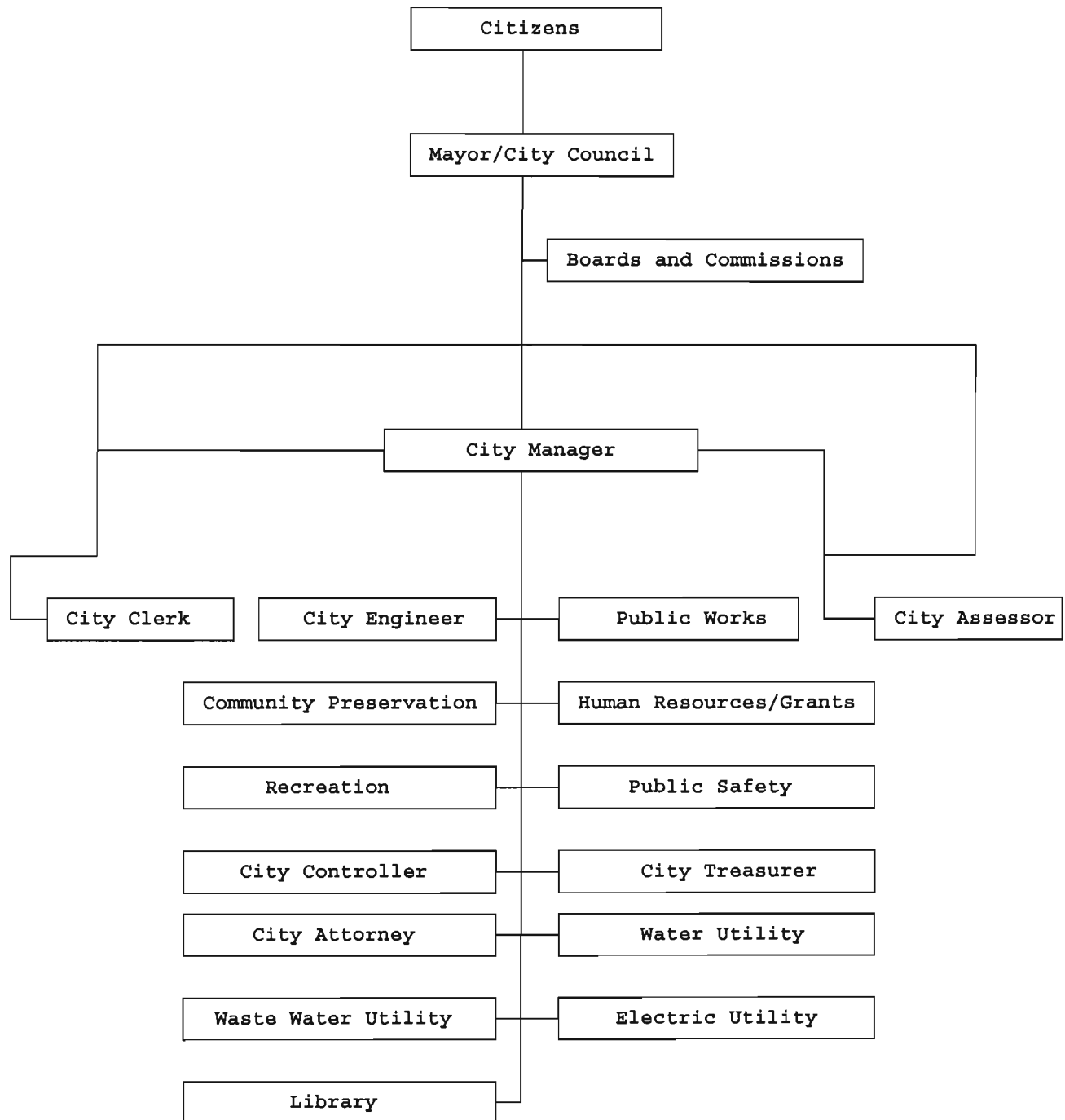
### STATISTICAL AND SUPPLEMENTAL INFORMATION SECTION:

General Government Expenditures and Other Financing Uses by Function. . . . .	201
General Revenues and Other Financing Sources by Source . . . . .	202
Real and Personal Property Tax Levies and Collections. . . . .	203
Taxable and Estimated Actual Value of Taxable Property . . . . .	204
Property Tax Rates - All Overlapping Governments (per \$1,000 of Assessed Value). . . . .	205
Computation of Legal Debt Margin . . . . .	206
Computation of Direct and Overlapping Debt . . . . .	207
Analysis of Income Available for Debt Retirement: Water Utility Bonds. . . . .	208
Waste Water Utility Bonds. . . . .	209
Comparative Statistical Information - Electric Utility . . . . .	210
Demographic Statistics . . . . .	211
Principal Taxpayers. . . . .	212
Miscellaneous Statistics . . . . .	213
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt per Capita. . . . .	214

## INTRODUCTORY SECTION



The City of Escanaba, Michigan  
Organization Chart



**CITY COUNCIL**  
(    ) Expiration of Term

Mayor  
Leo J. Evans (2009)

Members of the City Council  
Gilbert X. Cheves - Mayor Pro-Tem (2011)  
Patricia A. Baribeau (2009)  
Brady L. Nelson (2011)  
Thomas P. Warstler (2009)

**ADMINISTRATION**

City Manager  
James V. O'Toole

Clerk  
Robert S. Richards, CMC

Public Safety Director  
Jim Hansen

Assessor  
Elizabeth H. Keller

Engineer/  
Supt. of Public Works  
William S. Farrell

City Treasurer/Human  
Resources Director  
Robert J. Valentine

Controller  
Michael D. Dewar, CPA

Community Preservation  
James V. O'Toole

Recreation Director  
Thomas J. Penegor

Supt. of Electric Dept.  
Michael Furmanski

Library Director  
Carolyn Stacey

Supt. of Waste Water  
and Water Departments  
Donald French

Attorney  
Ralph B. K. Peterson

December 15, 2008

Honorable Mayor, Members of the City Council and City Manager  
City of Escanaba, Michigan

The Comprehensive Annual Financial Report (CAFR) of the City of Escanaba, for the fiscal year ended June 30, 2008, is submitted herewith. This report was prepared by the City Controller's office. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

This document represents the sixth year of reporting under the Governmental Accounting Standards Board Statement No. 34 (GASB 34) model. While GASB has no direct authority over the City's financial reporting practices, in order for the auditors to provide the City with an unqualified opinion, we are required to comply with the provisions of GASB 34.

GASB 34 impacts the reporting of the City's operations, but does not change the way in which the City's accounting system functions. Simply put, we account for operations as we always have, using the various funds that have been established over the years. When reporting on our operations, however, we are required to make adjustments which result in financial statements which are considerably different than in the past. Schedules detailing this adjustment from historical reporting to GASB 34 reporting can be found on pages 18 and 20.

GASB 34 has been referred to as the "most significant change in the history of governmental financial reporting". Some of the highlights of the changes required under GASB 34 include:

**Reporting information on a "government-wide" basis rather than on a "funds type" basis, as in the past.** Unlike private sector accounting, where financial reporting covers all operations of an entity, governmental accounting has traditionally focused on individual funds. This treatment was based on the fact that there were usually legal requirements which dictated the permissible uses of the various revenue sources; fund accounting allowed for this segregation. Moving to a "government-wide" reporting format is designed to create an overall financial picture, which was often difficult to do under the "funds type" approach.

**Changing the manner by which the financial information is aggregated and reported.** While GASB 34 still has certain “funds type” reporting requirements, the reporting process now requires a determination of which funds are defined as *major* individual funds. Once this determination is made, reporting requirements differ between major and non-major funds. This change is designed to provide greater focus on the most critical governmental operations.

**Changing the determination of operating results for governmental funds from a focus on *spendable resources* (cash in and cash out) to *total resources*.** Theoretically, this means that all activities reported in the government-wide financial statements will be reported in a manner similar to private sector accounting. The impact of this change is manifested in a number of areas, including infrastructure reporting and depreciation, debt service reporting and changes in accrual treatments.

The objectives of GASB 34 are varied; proponents believe that the treatment will help assess the City’s *overall* financial condition, identify whether the current year’s revenues were sufficient to pay for current year’s services and illustrate the extent to which the City invested in capital assets. While no single reporting model will adequately respond to all of the varied objectives that financial reporting hopes to address, it would appear that the new reporting model represents an improvement in some areas and a failure in others.

The single greatest deficiency in historical governmental accounting was its failure to recognize the difference between operating expenses and capital expenditures. Clearly, an entity which is putting a significant amount of its resources into infrastructure should be better positioned for the future than an entity which is spending 100% of its resources on operations. Governmental accounting failed to make this differentiation, while the new model takes a step in this direction. Similarly, by recognizing depreciation on those assets, it illustrates that there are costs in running a city beyond the cash that is being expended.

Additionally, by instituting a full accrual position for expenses, the new model accounts for future obligations which could impact financial health for a number of years. Finally, the model provides information on the total costs to run the City, something that was difficult to create under the former reporting model.

On the negative side, the infrastructure reporting is, by definition, incomplete. The City’s information was developed based on records from 1980 forward. Because many of the City’s assets have been in place for a significantly longer period, they are ignored by this process. As time goes on, the infrastructure reporting will become more meaningful.

Additionally, the reporting format’s emphasis on “government-wide” analysis suffers from the very diverse nature of City operations. For instance, if the City had one extremely “profitable” function, but all other functions were having difficulties, the new reporting model could net out to show that we were in good condition financially. This means little, however, if one of the struggling operations has no avenues available to it to reverse the negative trend.

With the submission of this Comprehensive Annual Financial Report, the City has met the requirements as set forth in GASB 34. While the "government-wide" reporting requirements of GASB 34 provides information that was never available in the past, analysis of this information as it relates to individual funds is nearly impossible. For this reason, we have also provided additional information which GASB 34 does not require, including detailed "funds type" reporting of all of the City's governmental funds. This means that readers can use either or both of the reporting models - traditional and GASB 34 - to obtain the information they require and to best determine the financial results of the City's operations.

The notes which are provided in the financial section are considered essential to fair presentation and adequate disclosure for this financial report. The notes include Note 1 - "Summary of Significant Accounting Policies" for the City, beginning on page 25, and other necessary disclosure of important matters relating to the financial position of the City. The notes are treated as an integral part of the financial statements and should be read in conjunction with them.

#### Acknowledgments

The preparation of this report could not be accomplished without the efficient and dedicated services of the entire staff of the Controller's Office. I would like to express my appreciation to the members of the staff who assisted and contributed to its preparation: Debbie Jussila and Melissa Becotte.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Michael Dewar", followed by a horizontal line.

Michael Dewar, C.P.A.  
City Controller

**FINANCIAL SECTION**





**ANDERSON, TACKMAN & COMPANY, PLC**

CERTIFIED PUBLIC ACCOUNTANTS

OFFICES IN MICHIGAN AND WISCONSIN

Kristine P. Berhow, CPA, Principal  
Alan M. Stotz, CPA, Principal  
Raymond B. LaMarche, CPA, Principal  
Erkki M. Peippo, CPA, PC, Principal

Kevin C. Pascoe, CPA  
Laura L. Schwalbach, CPA

## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor, Members of the  
City Council and City Manager  
City of Escanaba, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Escanaba, Michigan, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City of Escanaba, Michigan. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Escanaba, Michigan, as of June 30, 2008, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2008, on our consideration of the City of Escanaba's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide



Honorable Mayor, Members of the  
City Council and City Manager  
City of Escanaba, Michigan

an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 10 through 14 and 61 through 74, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Escanaba, Michigan's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Anderson, Tackman & Company P.C.*

Certified Public Accountants

December 8, 2008

## **Management Discussion and Analysis**

The City of Escanaba's Comprehensive Annual Financial Report (CAFR) consists of a variety of reporting information, some of which is required and some of which is provided as supplementary information. Both types of information are included in an effort to assist a reader in understanding the City's financial position. This section, Management Discussion and Analysis (MD&A), is a required component of the CAFR.

CAFR reporting requirements include two distinct types of governmental financial reporting – "funds-type" financial statements and "government-wide" financial statements. "Funds-type" financial statements mirror the traditional reporting methodology, while "government-wide" financial statements represent financial reporting of all City activities utilizing a common reporting format. While the differences into the two reporting models are numerous, the purpose of the "government-wide" financial statements is to consolidate the City's numerous funds into one total entity and to use accounting treatment similar to that used in the private sector. As such, it treats capital expenditures as investments, rather than expenses, and depreciates those investments over their anticipated lives. More information regarding the reporting differences between the two approaches can be found in Notes 1(b) through 1(g) in the Notes to Financial Statements.

The introduction of "government-wide" reporting is required under Governmental Accounting Standards Board Statement No. 34 (GASB 34). All of the contents of this document through page 80 are required under GASB 34; information following that point is considered supplementary information.

The reporting methodology of the City's CAFR is based upon the concept of a pyramid; the top of the pyramid is represented on pages 15 and 16 – the Statement of Net Assets and the Statement of Activities. These schedules combine all City operations and adjust their reporting format into a common methodology. The base of the pyramid is the individual fund information, which can be found from page 60 (Required Supplemental Information) on. Because an understanding of the reporting hierarchy will assist the reader in understanding the financial results of the City's operations, the following information will review the individual government statements in an order which provides a transition from "funds-type" reporting to "government-wide" reporting.

### **Governmental Funds Balance Sheet**

This document, found on page 17, summarizes the assets and liabilities for all funds which are accounted for under the traditional governmental form of accounting, as of June 30, 2008. Under this format, no recognition is made for infrastructure assets and no distinction is made between operating expenditures and capital expenditures. Each fund carries a fund balance, which represents a total of available spendable resources for future activities. Detail information in this statement can be traced to the

individual funds found later in the CAFR, as those funds are also presented under the traditional governmental accounting format. This statement becomes the basis for transitioning to “government-wide” financial statement presentation.

### **Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets**

This document, which can be found on page 18, illustrates the process of converting the Governmental Funds Balance Sheet to the corresponding amounts used in the “government-wide” Statement of Net Assets (page 15). Essentially, the process recognizes the capital assets, the corresponding depreciation and the long-term borrowing which have been created by governmental funds over the years. To put it in another way, rather than treating capital expenditures as another operating expense, it treats these expenditures as an asset which will be utilized into future years.

It can be noted that the total net assets calculated on this schedule – nearly \$39 million - is the same figure which is used on the previously referenced Statement of Net Assets.

### **Governmental Funds Revenues, Expenditures and Changes in Fund Balances**

This document, found on page 19, summarizes the financial activities for all funds which are accounted for under the traditional governmental form of accounting, for the year ended June 30, 2008. As discussed previously, uses of available resources are treated as expenditures, regardless of the character of the expenditure. Detailed information in this statement can be traced to the individual funds found later in the CAFR, as those funds are also presented under the traditional governmental accounting format.

During the year, the City saw a \$79,000 increase in the combined fund balances of these funds. If the gain on sale of investments – which is discussed in Notes to Financial Statements 1(L) – is removed from this calculation, as it neither increases or decreases available spendable resources, the increase in fund balance falls to \$45,000. Both of the street funds saw a decrease in fund balance, attributable in part to larger than normal snow removal costs. The Local Street Fund saw a larger decrease in fund balance, largely attributable to the completion of 6th Avenue North. These fund balance decreases were offset by increases in the General Fund and in several of the revolving loan funds.

### **Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities**

This document, which can be found on page 20, illustrates the process of converting the traditional statement of revenues, expenditures and increases(decreases) in fund balance (page 19) to the corresponding amounts used in the “government-wide” Statement of Activities (page 16). Essentially, the process eliminates expenditures which create capital assets and reduce long-term debt and recognizes depreciation expense and various transactions on a modified accrual basis. With this conversion, the City’s traditional fund basis accounting system is transformed into financial statements which would mirror private sector accounting treatment. It can be noted that once this conversion process is completed, the positive result in operations increases to nearly \$1.8 million. This figure compares favorably to last year’s converted results of \$1.2 million.



The remaining documents which are required under GASB 34 (pages 21-24) represent our enterprise and internal service funds. Because these funds have always been accounted for in a manner which mirrors private sector accounting, there is no need to “convert” this information, as was required with the governmental funds, prior to their inclusion in the “government-wide” financial statements reflected on pages 15 and 16. Detailed information in these remaining statements can be traced to the individual funds found later in the CAFR.

### **Statement of Net Assets**

As discussed previously, this document (page 15) summarizes the financial position of all City operations, modified as required, in a private sector format, as of June 30, 2008. Below is a summarized comparison of this year’s statement to last year’s:

Assets	<u>Y/E 6/30/2008</u>	<u>Y/E 6/30/2007</u>	<u>Yr. to Yr. Change</u>
Current Assets			
Cash/Investments	\$33,764,135	\$34,604,192	\$(840,057)
Receivables	6,609,241	7,463,852	(854,611)
Other Assets	2,835,810	3,176,176	(340,366)
Noncurrent Assets			
Restricted Assets	359,813	346,515	13,298
Capital Assets	102,780,316	96,346,729	6,433,587
Accumulated Depreciation	<u>(48,492,110)</u>	<u>(45,783,474)</u>	<u>(2,708,636)</u>
TOTAL ASSETS	<u>\$97,857,205</u>	<u>\$96,153,990</u>	<u>\$1,703,215</u>
Liabilities			
Current Liabilities	\$3,248,314	\$4,236,714	\$(988,400)
Noncurrent Liabilities	<u>9,652,335</u>	<u>8,211,383</u>	<u>1,440,952</u>
TOTAL LIABILITIES	<u>\$12,900,649</u>	<u>\$12,448,097</u>	<u>\$ 452,552</u>
NET ASSETS	<u>\$84,956,556</u>	<u>\$83,705,893</u>	<u>\$1,250,663</u>

As noted previously, governmental activities ended the fiscal year on a positive balance; business-type activities, however, saw a decrease in net assets. The major enterprise funds – Electric, Water and Wastewater Utility Funds – all showed negative results, with the Electric Utility Fund showing the most dramatic change from the prior year. Higher than budgeted coal costs and unanticipated maintenance costs resulted in a decrease in net assets of \$469,000, compared to last year’s increase of \$490,000.

It can be noted that cash and investments decreased by over \$840,000 when compared to the prior year; business-type activities accounted for a \$977,000 decrease, offsetting a small increase in governmental activities. The decrease in business type activities is due in part to the operating losses discussed previously.

Receivables show a decrease of over \$854,000. Overall decreases in current assets, plus borrowed funds

for the water plant project, were offset by decreases in current liabilities and a significant increase in capital assets. Put in another way, the decreases noted in cash and receivables resulted from investments in the City's infrastructure.

Capital assets increased by nearly \$6.4 million, with governmental activities accounting for \$2.7 million of this increase. Major investments included street infrastructure (\$1.4 million) and fleet equipment (\$1.1 million). Business type activities accounting for the other \$3.7 million increase in capital assets. Major investments in this category included work on the electric plant's generation equipment and major improvements at the City's water treatment plant.

It should be noted that this statement includes the Escanaba Housing Commission (Harbor Towers) as a component unit; this is required under accounting convention. Other than the ability to appoint board members, however, the City exercises no control over the day to day operations of this entity, nor does it have any financial commitment.

### **Statement of Activities**

As discussed previously, this document (page 16) summarizes the revenues and expenses for all City operations, modified as required in a private sector format, for the year ended June 30, 2008. As discussed in the Statement of Net Assets, the results of this document show an increase in net City assets of over \$1.25 million.

This document segments revenues into various categories and further distinguishes between direct revenues (attributable to specific functions) and general revenues, such as taxes and State shared revenues. The result, reflected in the Total column, represents the net cost of the various activities.

Total governmental activities expenses, modified under the private sector reporting format, were \$9.8 million for the year, an increase of \$350,000 (3.7%) from the prior year. Total expenses for business-type activities increased by over \$1.0 million; the majority of the increase occurred in the Electric Fund, in the form of higher power costs.

Total *net* governmental activities expense, which represents the cost of activities after deducting revenues directly attributable to those activities, was nearly \$6.2 million. This represents a decrease of \$180,000 from the prior year, despite the increase in expenses. This is largely attributable to increases in street fund grant revenues.

General revenues, those which are not tied to a specific program or activity, increased by over \$400,000 when compared to the prior year's results. The increase primarily reflected increases in property tax revenue.

### **Long-Term Debt**

The City borrowed over \$2.0 million in long-term debt during the fiscal year, reflecting amounts used to finance the water plant renovation project. The project was completed in 2008, with a total cost below

the original project budget.

The City made payments against prior long-term debt of over \$450,000; combined with the new borrowings, long-term debt increased \$1.55 million.

### **Subsequent Events**

There were no material events which occurred between the end of fiscal year 6/30/08 and the date of this report. In general, the City continues to feel the impact of the overall economic slowdown which is affecting both the State and the nation. The City will still need to confront the issue of flat or declining revenues in some sectors, while our costs continue to increase. The City continues to review all aspects of its operations on an ongoing basis, but to date, all funds continue to operate above the levels required by State law.

### **Additional Information**

The City's CAFR is designed to provide both an overall and detailed analysis of the City's operations. Any questions regarding this information or requests for additional information can be directed to my attention at City Controller, 410 Ludington Street, P.O. Box 948, Escanaba, MI 49829 or by calling (906) 789-7300.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Michael Dewar", with a stylized flourish at the end.

Michael Dewar, C.P.A.  
City Controller

THIS PAGE LEFT BLANK INTENTIONALLY



## CITY OF ESCANABA, MICHIGAN

## STATEMENT OF NET ASSETS

June 30, 2008

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Escanaba Housing Commission
<b>ASSETS:</b>				
Current assets:				
Cash and equivalents	\$ 326,222	\$ 17,943	\$ 344,165	\$ 73,598
Investments, at market	12,936,858	20,083,135	33,019,993	375,105
Sequestered cash and equivalents	399,977	-	399,977	-
Receivables:				
Accounts	248,003	2,533,527	2,781,530	1,383
Mortgages, land contracts and other notes	2,197,213	-	2,197,213	-
Contracts for rental property	3,754	-	3,754	-
Special assessments	435,857	-	435,857	-
Accrued interest	138,320	212,366	350,686	-
Due from other governments:				
State of Michigan	465,619	10,152	475,771	-
Local units	58,230	-	58,230	-
Advances to other funds	306,200	-	306,200	-
Real estate held for resale	8,200	-	8,200	-
Inventory	57,405	2,211,960	2,269,365	2,589
Prepaid expenses	184,123	374,122	558,245	25,383
Total current assets	<u>17,765,981</u>	<u>25,443,205</u>	<u>43,209,186</u>	<u>478,058</u>
Noncurrent assets:				
Restricted assets:				
Investments, at market	-	359,813	359,813	-
Capital assets	41,745,132	61,035,184	102,780,316	7,395,901
Accumulated depreciation	(14,972,014)	(33,520,096)	(48,492,110)	(4,905,167)
Net noncurrent assets	<u>26,773,118</u>	<u>27,874,901</u>	<u>54,648,019</u>	<u>2,490,734</u>
<b>TOTAL ASSETS</b>	<u>\$ 44,539,099</u>	<u>\$ 53,318,106</u>	<u>\$ 97,857,205</u>	<u>\$ 2,968,792</u>
<b>LIABILITIES:</b>				
Current liabilities:				
Accounts payable	\$ 384,073	\$ 442,961	\$ 827,034	\$ 22,295
Accrued liabilities	-	-	-	71,295
Accrued interest	45,669	35,072	80,741	-
Claims payable	371,626	-	371,626	-
Accrued salaries and fringes	370,355	265,226	635,581	-
Customer deposits	-	202,950	202,950	-
Due to other governments	61,606	-	61,606	-
Advances from other funds	-	306,200	306,200	-
Deferred revenue	-	1,000	1,000	-
Compensated absences, current portion	172,826	-	172,826	15,380
Notes payable, current portion	23,750	125,000	148,750	11,841
Bonds payable, current portion	200,000	240,000	440,000	-
Total current liabilities	<u>1,629,905</u>	<u>1,618,409</u>	<u>3,248,314</u>	<u>120,811</u>
Noncurrent liabilities:				
Compensated absences	453,614	-	453,614	17,370
Note payable	118,752	-	118,752	52,209
Bonds payable	3,340,000	5,739,969	9,079,969	-
Total noncurrent liabilities	<u>3,912,366</u>	<u>5,739,969</u>	<u>9,652,335</u>	<u>69,579</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 5,542,271</u>	<u>\$ 7,358,378</u>	<u>\$ 12,900,649</u>	<u>\$ 190,390</u>
<b>NET ASSETS:</b>				
Invested in capital assets, net of related debt	\$ 23,060,294	\$ 21,103,919	\$ 44,164,213	\$ 2,490,734
Restricted for:				
Capital projects	1,107,439	-	1,107,439	-
Debt service	-	359,813	359,813	-
Other purposes	1,805,751	-	1,805,751	-
Unrestricted	13,023,344	24,495,996	37,519,340	287,668
<b>TOTAL NET ASSETS</b>	<u>\$ 38,996,828</u>	<u>\$ 45,959,728</u>	<u>\$ 84,956,556</u>	<u>\$ 2,778,402</u>

See accompanying notes to financial statements.

## CITY OF ESCANABA, MICHIGAN

## STATEMENT OF ACTIVITIES

For the year ended June 30, 2008

Functions/Programs:	Net (Expense) Revenue and Changes in Net Assets						
	Expenses	Program Revenues			Primary Government		Component Unit
		Fees, Fines & charges for services	Operating grants and contri- butions	Capital grants and contri- butions	Govern- mental activities	Business- type activities	Escanaba Housing Commission
Primary Government:							
Governmental activities:							
General government	\$ 1,021,891	\$ 89,433	\$ 30,377	\$ -	\$ (902,081)	\$ -	\$ (902,081)
Public safety	4,198,565	729,509	220,299	4,759	(3,243,998)	-	(3,243,998)
Highways, streets and public works	1,994,274	118,174	997,610	815,741	(62,749)	-	(62,749)
Sanitation	683,088	186,674	8,000	-	(488,414)	-	(488,414)
Community services	154,928	-	-	-	(154,928)	-	(154,928)
Recreation	695,754	60,438	-	40,381	(594,935)	-	(594,935)
Cultural	518,543	20,493	219,439	10,700	(267,911)	-	(267,911)
Urban redevelopment and housing	13,848	17,338	-	-	3,490	-	3,490
Economic development	352,151	25,294	-	-	(326,857)	-	(326,857)
Other functions	11,347	-	-	-	(11,347)	-	(11,347)
Interest on long-term debt	151,345	-	-	-	(151,345)	-	(151,345)
Total governmental activities	9,795,734	1,247,353	1,475,725	871,581	(6,201,075)	-	(6,201,075)
Business-type activities:							
Electric utility	16,386,455	15,340,186	-	1,193	-	(1,045,076)	(1,045,076)
Water utility	1,598,001	1,548,518	-	-	-	(49,483)	(49,483)
Waste water utility	1,207,098	1,042,678	-	-	-	(164,420)	(164,420)
Marina activity	273,846	237,226	10,152	-	-	(26,468)	(26,468)
Total business-type activities	19,465,400	18,168,608	10,152	1,193	-	(1,285,447)	(1,285,447)
Total primary government	\$29,261,134	\$19,415,961	\$ 1,485,877	\$ 872,774	(6,201,075)	(1,285,447)	(7,486,522)
Component Unit:							
Escanaba Housing Commission	\$ 1,020,243	\$ 460,430	\$ 218,413	\$ 249,434	-	-	(91,966)
General revenues:							
Property taxes					5,008,283	-	5,008,283
State revenue sharing					1,453,541	-	1,453,541
Unrestricted grants and contributions					23,060	-	23,060
Unrestricted gain (loss) on sale of assets					1,327	-	1,327
Unrestricted investment earnings (losses)					242,708	1,177,338	1,420,046
Miscellaneous					806,928	24,000	830,928
Transfers					463,624	(463,624)	-
Total general revenues and transfers					7,999,471	737,714	8,737,185
Change in net assets					1,798,396	(547,733)	1,250,663
Net assets, beginning of year					37,198,432	46,507,461	83,705,893
Net assets, end of year					\$38,996,828	\$45,959,728	\$84,956,556
							\$ 2,778,402

See accompanying notes to financial statements.

## CITY OF ESCANABA, MICHIGAN

GOVERNMENTAL FUNDS  
BALANCE SHEET

June 30, 2008

	General Fund	Major Street Fund	Local Street Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>					
Cash and equivalents	\$ 34,962	\$ -	\$ -	\$ 114,958	\$ 149,920
Investments, at market	3,728,994	646,604	209,930	5,389,722	9,975,250
Sequestered cash and equivalents	-	-	-	399,977	399,977
Receivables:					
Accounts, net of bad debt allowance	223,621	-	-	24,382	248,003
Mortgages, land contracts and other notes	-	-	-	2,197,213	2,197,213
Contracts for rental property	3,754	-	-	-	3,754
Special assessments	32,550	-	403,307	-	435,857
Accrued interest	43,912	7,282	2,089	56,613	109,896
Due from other funds:					
Grants Fund	68,368	-	-	9,402	77,770
Sanitary Landfill Fund	10,543	-	-	-	10,543
Delta County Central Dispatch Authority	59,237	-	-	-	59,237
Parking Maintenance Fund	20,055	-	-	-	20,055
Due from other governments:					
State of Michigan	197,412	113,182	41,568	113,457	465,619
Local units	-	-	-	58,230	58,230
Advances to other funds	452,825	-	-	306,200	759,025
Real estate held for resale	-	-	-	8,200	8,200
Inventory	57,405	-	-	-	57,405
Prepaid expenses	21	-	-	25,116	25,137
<b>TOTAL ASSETS</b>	<b>\$ 4,933,659</b>	<b>\$ 767,068</b>	<b>\$ 656,894</b>	<b>\$ 8,703,470</b>	<b>\$ 15,061,091</b>
<b>LIABILITIES:</b>					
Accounts payable	\$ 136,044	\$ 4,629	\$ 51,081	\$ 55,012	\$ 246,766
Accrued salaries and fringes	345,756	-	-	-	345,756
Due to other funds	-	-	-	170,870	170,870
Due to other governments	61,606	-	-	-	61,606
Deferred revenue	102,329	-	403,307	-	505,636
<b>TOTAL LIABILITIES</b>	<b>645,735</b>	<b>4,629</b>	<b>454,388</b>	<b>225,882</b>	<b>1,330,634</b>
<b>FUND BALANCES:</b>					
Reserved for:					
Inventory	57,405	-	-	-	57,405
Prepaid expenditures	21	-	-	18,264	18,285
Principal	-	-	-	1,094,634	1,094,634
Capital improvements	-	-	-	12,805	12,805
Long-term notes receivable	-	-	-	2,197,213	2,197,213
Revolving loans	-	-	-	1,352,100	1,352,100
UPSET expenses	-	-	-	112,952	112,952
Land held for resale	-	-	-	8,200	8,200
Future DDA projects	-	-	-	340,699	340,699
Unreserved, reported in:					
General Fund	4,230,498	-	-	-	4,230,498
Special revenue funds	-	762,439	202,506	3,340,721	4,305,666
<b>TOTAL FUND BALANCES</b>	<b>4,287,924</b>	<b>762,439</b>	<b>202,506</b>	<b>8,477,588</b>	<b>13,730,457</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 4,933,659</b>	<b>\$ 767,068</b>	<b>\$ 656,894</b>	<b>\$ 8,703,470</b>	<b>\$ 15,061,091</b>

See accompanying notes to financial statements.

## CITY OF ESCANABA, MICHIGAN

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS

June 30, 2008

Total fund balances for governmental funds \$ 13,730,457

Total net assets reported for governmental activities in the Statement of Net Assets is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land	\$ 782,583	
Land improvements	5,324,495	
Buildings and improvements	2,953,927	
Parking lots	397,884	
Vehicles and equipment	2,388,608	
Infrastructure	16,420,769	
Less:		
Accumulated depreciation	<u>(8,884,385)</u>	19,383,881

Internal service funds are used by the City to charge various costs to individual funds or departments of the City which are not accounted for as enterprise activities. The assets and liabilities of the internal service fund are included in the governmental activities in the Statement of Net Assets.

6,427,226

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the Statement of Net Assets.

Accrued interest on long-term debt	\$ (1,430)	
Bonds payable	(280,000)	
Note payable	(142,502)	
Compensated absences and FICA	<u>(626,440)</u>	(1,050,372)

Deferred revenue reported as a liability on the balance sheet of the fund financial statements has been recognized as a revenue in the Statement of Activities and has been removed from the Statement of Net Assets.

505,636

Total net assets of governmental activities \$38,996,828

See accompanying notes to financial statements.

## CITY OF ESCANABA, MICHIGAN

GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES

For the year ended June 30, 2008

	General Fund	Major Street Fund	Local Street Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:					
Taxes	\$ 4,329,778	\$ -	\$ -	\$ 264,494	\$ 4,594,272
Licenses and permits	1,725	-	-	-	1,725
Local sources	17,240	-	-	206,414	223,654
State grants	1,560,203	743,931	488,302	52,765	2,845,201
Federal sources	103,469	355,341	225,778	-	684,588
Charges for services	238,006	-	-	809,300	1,047,306
Fines and forfeitures	37,042	-	-	24,205	61,247
Interest and dividends	-	-	-	54,615	54,615
Miscellaneous	363,635	35,590	56,643	558,598	1,014,466
TOTAL REVENUES	6,651,098	1,134,862	770,723	1,970,391	10,527,074
EXPENDITURES:					
General government	1,152,738	-	-	-	1,152,738
Public safety	3,562,962	-	-	604,753	4,167,715
Highways, streets and public works	625,629	1,163,165	1,315,485	120,497	3,224,776
Sanitation	683,088	-	-	-	683,088
Community services	21,148	-	-	133,780	154,928
Recreation	586,423	-	-	-	586,423
Cultural	4,219	-	-	514,397	518,616
Urban redevelopment and housing	-	-	-	13,848	13,848
Economic development	-	-	-	373,361	373,361
Other functions	11,347	-	-	-	11,347
Debt service	-	-	-	58,390	58,390
TOTAL EXPENDITURES	6,647,554	1,163,165	1,315,485	1,819,026	10,945,230
EXCESS REVENUES (EXPENDITURES)	3,544	(28,303)	(544,762)	151,365	(418,156)
OTHER FINANCING SOURCES (USES):					
Gain (loss) on sale of investments	14,695	411	2,923	15,959	33,988
Operating transfers in	708,103	-	172,000	390,348	1,270,451
Operating transfers out	(454,750)	-	-	(352,077)	(806,827)
TOTAL OTHER FINANCING SOURCES (USES)	268,048	411	174,923	54,230	497,612
EXCESS REVENUES AND OTHER FINANCING SOURCES (EXPENDITURES AND OTHER FINANCING USES)	271,592	(27,892)	(369,839)	205,595	79,456
Fund balances, beginning of year	4,016,332	790,331	572,345	8,271,993	13,651,001
FUND BALANCES, END OF YEAR	\$ 4,287,924	\$ 762,439	\$ 202,506	\$ 8,477,588	\$ 13,730,457

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES

For the year ended June 30, 2008

Net changes in fund balances - total governmental funds \$ 79,456

The change in net assets reported for governmental activities in the Statement of Activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is capitalized and the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$1,971,251) exceeded depreciation expense (\$972,264) and the removal of fixed assets (\$28,391).

970,596

Internal service funds are used by the City to charge various costs to individual funds or departments of the City which are not accounted for as an enterprise activity. This is the net revenue (expense) of the internal service fund that is reported with the governmental activities.

277,091

Repayment of debt principal is an expenditure in the governmental funds but reduces the debt liability in the Statement of Net Assets.

Principal repayments:

DDA

40,000

CDBG Program

23,750

This amount reflects the deferred revenue reported in the fund financial statements that is recognized as revenue in the Statement of Activities.

414,011

Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis of accounting, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than when it accrues. This adjustment combines the following net changes:

Compensated absences and FICA

(5,895)

Accrued interest on debt

(613)

Changes in net assets of governmental activities

\$ 1,798,396

See accompanying notes to financial statements.



## CITY OF ESCANABA, MICHIGAN

PROPRIETARY FUNDS  
STATEMENT OF NET ASSETS

June 30, 2008

	Electric Utility Fund	Water Utility Fund	Waste Water Utility Fund	Nonmajor Enterprise Fund	Total Enterprise Funds	Internal Service Funds
<b>ASSETS:</b>						
Current assets:						
Cash and equivalents	\$ 965	\$ -	\$ -	\$ 16,978	\$ 17,943	\$ -
Investments, at market	17,682,009	228,183	2,112,889	60,054	20,083,135	2,961,608
Receivables:						
Accounts, net of bad debt allowance	2,192,768	202,405	133,010	5,344	2,533,527	-
Accrued interest	184,190	3,542	23,804	830	212,366	28,423
Due from other funds:						
Delta County Central Dispatch Authority	-	-	-	-	-	3,265
Due from other governments:						
State of Michigan	-	-	-	10,152	10,152	-
Inventory	2,084,288	96,308	4,257	27,107	2,211,960	-
Prepaid expenses	374,122	-	-	-	374,122	158,986
Cash on deposit	-	-	-	-	-	176,302
Total current assets	<u>22,518,342</u>	<u>530,438</u>	<u>2,273,960</u>	<u>120,465</u>	<u>25,443,205</u>	<u>3,328,584</u>
Restricted assets:						
Investments, at market	-	125,343	234,470	-	359,813	-
Property, plant and equipment	29,800,941	16,682,012	11,913,253	2,638,978	61,035,184	13,476,866
Less accumulated depreciation	(21,952,583)	(5,436,518)	(5,245,208)	(885,787)	(33,520,096)	(6,087,628)
Net property, plant and equipment	<u>7,848,358</u>	<u>11,245,494</u>	<u>6,668,045</u>	<u>1,753,191</u>	<u>27,515,088</u>	<u>7,389,238</u>
<b>TOTAL ASSETS</b>	<u><b>\$30,366,700</b></u>	<u><b>\$11,901,275</b></u>	<u><b>\$ 9,176,475</b></u>	<u><b>\$ 1,873,656</b></u>	<u><b>\$53,318,106</b></u>	<u><b>\$10,717,822</b></u>
<b>LIABILITIES:</b>						
Current liabilities:						
Accounts payable	\$ 396,129	\$ 31,619	\$ 4,155	\$ 11,058	\$ 442,961	\$ 137,307
Customer deposits	202,950	-	-	-	202,950	-
Claims payable	-	-	-	-	-	371,626
Accrued salaries, wages and fringes	85,640	81,321	98,265	-	265,226	24,599
Accrued interest payable	-	29,322	5,750	-	35,072	44,239
Payable from restricted assets:						
Current portion of revenue bonds	-	-	125,000	-	125,000	-
Deferred revenue	-	1,000	-	-	1,000	-
Bonds payable:						
Current portion of revenue bonds	-	240,000	-	-	240,000	160,000
Total current liabilities	<u>684,719</u>	<u>383,262</u>	<u>233,170</u>	<u>11,058</u>	<u>1,312,209</u>	<u>737,771</u>
Long-term liabilities:						
Advance from other funds:						
Land Development Fund	-	-	-	306,200	306,200	-
General Fund	-	-	-	-	-	452,825
Bonds payable	-	4,789,969	950,000	-	5,739,969	3,100,000
Total long-term liabilities	<u>-</u>	<u>4,789,969</u>	<u>950,000</u>	<u>306,200</u>	<u>6,046,169</u>	<u>3,552,825</u>
<b>TOTAL LIABILITIES</b>	<u><b>684,719</b></u>	<u><b>5,173,231</b></u>	<u><b>1,183,170</b></u>	<u><b>317,258</b></u>	<u><b>7,358,378</b></u>	<u><b>4,290,596</b></u>
<b>NET ASSETS:</b>						
Invested in capital assets, net of related debt	7,848,358	6,215,525	5,593,045	1,446,991	21,103,919	3,676,413
Unrestricted	21,833,623	387,176	2,165,790	109,407	24,495,996	2,750,813
Restricted for:						
Debt service	-	125,343	234,470	-	359,813	-
Total net assets	<u>29,681,981</u>	<u>6,728,044</u>	<u>7,993,305</u>	<u>1,556,398</u>	<u>45,959,728</u>	<u>6,427,226</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><b>\$30,366,700</b></u>	<u><b>\$11,901,275</b></u>	<u><b>\$ 9,176,475</b></u>	<u><b>\$ 1,873,656</b></u>	<u><b>\$53,318,106</b></u>	<u><b>\$10,717,822</b></u>

See accompanying notes to financial statements.



## CITY OF ESCANABA, MICHIGAN

 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES  
 AND CHANGES IN NET ASSETS

For the year ended June 30, 2008

	Electric Utility Fund	Water Utility Fund	Waste Water Utility Fund	Nonmajor Enterprise Fund	Total Enterprise Funds	Internal Service Funds
OPERATING REVENUES:						
Retiree contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 151,174
City's contribution for employees	-	-	-	-	-	1,284,185
Charges for services	15,340,186	1,548,518	1,042,678	236,718	18,168,100	-
Equipment rental	-	-	-	-	-	1,212,640
Provision for self-insurance	-	-	-	-	-	162,433
Miscellaneous	-	-	-	508	508	443,803
<b>TOTAL OPERATING REVENUES</b>	<b>15,340,186</b>	<b>1,548,518</b>	<b>1,042,678</b>	<b>237,226</b>	<b>18,168,608</b>	<b>3,254,235</b>
OPERATING EXPENSES:						
General government	-	-	-	-	-	2,437,510
Enterprises	-	-	-	195,422	195,422	-
Capital projects	-	-	-	-	-	19,029
Production	13,574,318	303,417	312,723	-	14,190,458	-
Transmission and distribution	418,835	164,728	82,003	-	665,566	-
Station	-	-	18,961	-	18,961	-
Customer service	26,646	30,029	19,869	-	76,544	-
Administrative and general	837,989	508,311	379,524	-	1,725,824	-
Provision for depreciation	1,032,956	327,196	208,153	62,764	1,631,069	519,945
Overhead to utilities	495,711	170,440	162,209	-	828,360	-
<b>TOTAL OPERATING EXPENSES</b>	<b>16,386,455</b>	<b>1,504,121</b>	<b>1,183,442</b>	<b>258,186</b>	<b>19,332,204</b>	<b>2,976,484</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(1,046,269)</b>	<b>44,397</b>	<b>(140,764)</b>	<b>(20,960)</b>	<b>(1,163,596)</b>	<b>277,751</b>
NON-OPERATING REVENUE (EXPENSES):						
State grants	-	-	-	10,152	10,152	-
Gain (loss) on sale of investments	49,713	2,525	5,727	253	58,218	10,139
Rent received	-	24,000	-	-	24,000	-
Gain (loss) on sale of property	-	-	-	-	-	1,327
Interest earnings	991,481	9,495	115,668	2,476	1,119,120	143,966
Interest expense	-	(93,880)	(23,656)	(15,660)	(133,196)	(156,092)
Operating transfers out	(463,624)	-	-	-	(463,624)	-
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>577,570</b>	<b>(57,860)</b>	<b>97,739</b>	<b>(2,779)</b>	<b>614,670</b>	<b>(660)</b>
<b>CHANGE IN NET ASSETS</b>	<b>(468,699)</b>	<b>(13,463)</b>	<b>(43,025)</b>	<b>(23,739)</b>	<b>(548,926)</b>	<b>277,091</b>
Total net assets, beginning of year	30,149,487	6,741,507	8,036,330	1,580,137	46,507,461	6,150,135
Add: Contributed capital	1,193	-	-	-	1,193	-
<b>TOTAL NET ASSETS, END OF YEAR</b>	<b>\$29,681,981</b>	<b>\$ 6,728,044</b>	<b>\$ 7,993,305</b>	<b>\$ 1,556,398</b>	<b>\$45,959,728</b>	<b>\$ 6,427,226</b>

See accompanying notes to financial statements.

## CITY OF ESCANABA, MICHIGAN

PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS

For the year ended June 30, 2008

	Electric Utility Fund	Water Utility Fund	Waste Water Utility Fund	Non-major Enterprise Fund	Total Enterprise Funds	Internal Service Funds
<b>CASH FLOWS FROM ACTIVITIES:</b>						
Cash received for insurance costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,431,465
Cash received from customers	15,474,245	1,550,182	1,043,411	234,943	18,302,781	-
Cash received from other funds for services	-	-	8,803	-	8,803	1,818,941
Cash payments to suppliers for goods and services	(14,561,223)	(634,053)	(487,878)	(136,672)	(15,819,826)	(780,482)
Cash payments to employees for services	(1,034,733)	(719,150)	(434,772)	(59,995)	(2,248,650)	(148,079)
Cash payments to other funds for services	(19,671)	(41,460)	(45,201)	(6,895)	(113,227)	-
Cash payment of benefits	-	-	-	-	-	(1,513,698)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>(141,382)</b>	<b>155,519</b>	<b>84,363</b>	<b>31,381</b>	<b>129,881</b>	<b>808,147</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>						
Net interfund loan transactions	-	-	-	(7,000)	(7,000)	-
Operating transfers out	(463,624)	(170,491)	(130,783)	-	(764,898)	-
Operating transfers in	-	49,155	43,179	-	92,334	-
<b>NET CASH PROVIDED (USED) FOR NON-CAPITAL FINANCING ACTIVITIES</b>	<b>(463,624)</b>	<b>(121,336)</b>	<b>(87,604)</b>	<b>(7,000)</b>	<b>(679,564)</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:</b>						
Advances from other funds	-	-	-	-	-	452,825
Proceeds from revenue bonds	-	2,459,961	-	-	2,459,961	-
Proceeds from the sale of equipment	-	-	-	-	-	1,327
Contribution of capital assets	1,193	-	-	-	1,193	-
Acquisition and construction of capital assets	(1,192,476)	(2,359,597)	(166,393)	-	(3,718,466)	(1,093,475)
Principal paid on bond maturities	-	(115,000)	(125,000)	(21,605)	(261,605)	(150,000)
Interest paid	-	(79,652)	(24,313)	(15,660)	(119,625)	(157,467)
<b>NET CASH PROVIDED (USED) BY CAPITAL FINANCING ACTIVITIES</b>	<b>(1,191,283)</b>	<b>(94,288)</b>	<b>(315,706)</b>	<b>(37,265)</b>	<b>(1,638,542)</b>	<b>(946,790)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Gain (loss) on sale of investments	49,713	2,525	5,727	253	58,218	-
Interest received	1,011,207	10,613	118,012	2,655	1,142,487	159,038
Rent received	-	24,000	-	-	24,000	-
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>1,060,920</b>	<b>37,138</b>	<b>123,739</b>	<b>2,908</b>	<b>1,224,705</b>	<b>159,038</b>
<b>NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS</b>	<b>(735,369)</b>	<b>(22,967)</b>	<b>(195,208)</b>	<b>(9,976)</b>	<b>(963,520)</b>	<b>20,395</b>
Cash and equivalents, beginning of year	18,418,343	376,493	2,542,567	87,008	21,424,411	2,941,213
<b>CASH AND EQUIVALENTS, END OF YEAR</b>	<b>\$ 17,682,974</b>	<b>\$ 353,526</b>	<b>\$ 2,347,359</b>	<b>\$ 77,032</b>	<b>\$ 20,460,891</b>	<b>\$ 2,961,608</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>						
Operating income (loss)	\$ (1,046,269)	\$ 44,397	\$ (140,764)	\$ (20,960)	\$ (1,163,596)	\$ 277,751
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation and amortization	1,032,956	327,196	208,153	62,764	1,631,069	519,945
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable	123,104	664	9,536	(2,283)	131,021	44,351
(Increase) decrease in inventory	527,887	(7,203)	2,173	(12,009)	510,848	-
(Increase) decrease in prepaid expenses	(176,418)	-	-	-	(176,418)	-
Increase (decrease) in accounts payable	(611,153)	(201,380)	1,999	3,869	(806,665)	(34,145)
Increase (decrease) in accruals and deferrals	(2,444)	(8,155)	3,266	-	(7,333)	245
Increase (decrease) in customer deposits	10,955	-	-	-	10,955	-
<b>Total adjustments</b>	<b>904,887</b>	<b>111,122</b>	<b>225,127</b>	<b>52,341</b>	<b>1,293,477</b>	<b>530,396</b>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ (141,382)</b>	<b>\$ 155,519</b>	<b>\$ 84,363</b>	<b>\$ 31,381</b>	<b>\$ 129,881</b>	<b>\$ 808,147</b>

See accompanying notes to financial statements.

## CITY OF ESCANABA, MICHIGAN

## STATEMENT OF FIDUCIARY NET ASSETS

June 30, 2008

	Pension Trust Fund	Private- purpose Trusts	Agency Funds
ASSETS:			
Cash and equivalents	\$ (1,329)	\$ -	\$ 28,520
Investments, at market	18,540,412	401,807	-
Receivables	164	4,126	-
TOTAL ASSETS	<u>\$ 18,539,247</u>	<u>\$ 405,933</u>	<u>\$ 28,520</u>
LIABILITIES:			
Accounts payable	\$ 279,884	\$ 151	\$ -
Due to other governments	-	-	28,520
TOTAL LIABILITIES	<u>\$ 279,884</u>	<u>\$ 151</u>	<u>\$ 28,520</u>
NET ASSETS:			
Reserved for:			
Bonifas Trust Fund	\$ -	\$ 129,640	
Bezold Trust Fund	-	276,142	
Employee's retirement system	18,259,363	-	
TOTAL NET ASSETS	<u>\$ 18,259,363</u>	<u>\$ 405,782</u>	

## STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

For the year ended June 30, 2008

	Pension Trust Fund	Private- purpose Trusts
OPERATING REVENUES:		
Interest and dividends	\$ 918,350	\$ 19,910
Gain (loss) on sale of investments	(2,395,771)	-
Contributions:		
City of Escanaba	542,028	-
Employees	112,256	-
TOTAL OPERATING REVENUES	<u>(823,137)</u>	<u>19,910</u>
OPERATING EXPENSES:		
Administrative and general	12,769	-
Benefits and refunds of member contributions	1,306,186	-
Cultural	-	8,961
TOTAL OPERATING EXPENSES	<u>1,318,955</u>	<u>8,961</u>
OPERATING INCOME	<u>(2,142,092)</u>	<u>10,949</u>
OTHER FINANCING SOURCES (USED):		
Gain (loss) on sales of investments	-	896
NET INCOME (LOSS)	<u>(2,142,092)</u>	<u>11,845</u>
Net assets, beginning of year	<u>20,401,455</u>	<u>393,937</u>
NET ASSETS, END OF YEAR	<u>\$ 18,259,363</u>	<u>\$ 405,782</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the City of Escanaba conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant policies.

**A. Reporting Entity** - The City's financial statements include the accounts of all City operations. The primary criterion applied to an activity or entity to determine if that entity should be included in the financial statements is the degree of oversight responsibility over such entities by the City's elected officials. This responsibility includes financial interdependency, selection of governing authority, selection of management, ability to significantly influence operations, and accountability for fiscal matters. Additional criteria that are considered even if there is no significant oversight responsibility are an entity's scope of public service and special financing relationships between a particular agency and the reporting entity. Based on these criteria and authoritative guidelines, the financial statements of the City of Escanaba include as blended funds the Escanaba Public Safety Pension Fund, the Downtown Development Authority and the Escanaba Building Authority, which are separately administered organizations controlled by the City. Additionally, the Escanaba Housing Commission is included as a discretely presented component unit. The Housing Commission is a separately administered organization, but is presented as a discrete component unit in that the City has the ability to significantly influence its operations.

For financial reporting purposes, in conformance with GASB Statements 14 and 39, the City of Escanaba (the primary government) includes all funds, account groups, agencies, boards, commissions, and authorities that are controlled by or dependent on the City's legislative branch, the City Council. Control by or dependence is determined on the basis of budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the City, obligation of the City to finance any deficits that may occur, or receipt of significant subsidies from the City. In addition, State of Michigan, Department of Treasury pronouncements were considered in the determination process. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

**Component Units** - In conformity with accounting principles generally accepted in the United States of America, the financial statements of the component units have been included in the financial reporting entity as blended component units.

**Blended Component Units** - The City has three component units in which the financial data has been blended with the primary government financial statement.

**Escanaba Public Safety Pension** - For financial reporting purposes, the Escanaba Public Safety Pension is reported as if it were part of the City's operations because its board is appointed by the City



CITY OF ESCANABA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Council and its purpose is to provide pension benefits to the City's Public Safety employees.

Downtown Development Authority - For financial reporting purposes, the Downtown Development Authority is reported as if it were part of the City's operations because the City Council maintains budgetary control and its purpose is to promote and provide financial support to the downtown merchants.

Escanaba Building Authority - For financial reporting purposes, the Escanaba Building Authority is reported as if it were part of the City's operations because its board is appointed by the City Council and its purpose is to account for the financing of the Public Works Complex and the financing and maintenance of the City Hall/Library Complex.

Discretely Presented Component Unit - The City has one discretely presented component unit for which the financial data has been included in this financial statement. The component unit is reported in a separate column to emphasize that it is legally separate from the City.

Escanaba Housing Commission - For financial reporting purposes the Escanaba Housing Commission is discretely reported in these financial statements because the Housing Commission board is appointed, and may be removed, by the City Council. The data included in this report is for the Housing Commission's fiscal year ended September 30, 2007. A separate audit report is issued for the Housing Commission and a complete copy of this report can be obtained at:

Escanaba Housing Commission  
110 South 5th Street  
Escanaba, MI 49829

Joint Venture - The City of Escanaba is a participant with Delta County, the City of Gladstone, and local townships in a joint venture to provide for a landfill, the Delta Solid Waste Management Authority. The authority is governed by a seven person Board of Directors, composed of three representatives of the participating townships, three representatives of the participating cities, and one member of the Delta County Board of Commissioners. Complete financial statements for the Delta Solid Waste Landfill can be obtained directly from Delta Solid Waste Management Authority. See Note 14 for additional information.

Delta Solid Waste Management Authority  
100 Delta Avenue  
Gladstone, Michigan 49837

**B. Basis of Presentation** - The City has adopted the Governmental Accounting Standards Board (GASB) Statement No. 34, as described below.

CITY OF ESCANABA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Government-Wide Financial Statements** - The Statement of Net Assets and the Statement of Activities display information about the City as a whole. They include all funds of the City except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

**Fund Financial Statements** - The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Funds are organized into three major categories: governmental, proprietary and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. The General Fund is always considered a major fund and the remaining funds of the City are considered major if they meet the following criteria:

- a. Total assets, liabilities, revenues, or expenditure/expenses of the individual governmental or enterprise fund are at least ten percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditure/expenses of the individual governmental or enterprise fund are at least five percent of the corresponding total for all governmental and enterprise funds combined.
- c. Additionally, State of Michigan requirements are considered. The state has requested that the Major and Local Street Funds be listed as major funds.

The City reports the following funds as major governmental funds in accordance with the previously listed criteria:

General Fund  
Major Street Fund  
Local Street Fund

The City reports the following funds as major enterprise funds in accordance with the previously listed criteria:

Electric Utility Fund  
Water Utility Fund  
Waste Water Utility Fund

CITY OF ESCANABA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The funds of the City are described below:

**GOVERNMENTAL FUNDS**

**General Fund** - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Funds** - Special Revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Special revenue funds used by the City are as follows:

**Major Street Fund** - This fund accounts for revenues and expenditures in connection with the street system designated as major streets by the State of Michigan. This fund is required under state law.

**Local Street Fund** - This fund accounts for revenues and expenditures in connection with the street system designated as local streets by the State of Michigan. This fund is required under state law.

**Parking Maintenance Fund** - This fund accounts for revenues and expenditures related to the maintenance of parking lots.

**Downtown Development Authority Fund** - This fund accounts for revenues and expenditures in connection with developing and maintaining the Downtown Development Authority District.

**Brownfield Fund** - This fund accounts for the revenues and expenditures in connection with developing and maintaining qualifying properties in the Brownfield zone. The major source of revenue are taxes assessed on the growth and development of properties within the plan.

**Drug Law Enforcement Fund** - This fund accounts for the revenues and expenditures in connection with forfeitures received both locally and from UPSET.

**Delta County Central Dispatch Authority** - This fund accounts for the revenues and expenditures relating to the emergency dispatching services provided by the City.

**Library Fund** - This fund accounts for revenues and expenditures directly attributable to library operations.

**Housing Rehab Fund** - This fund accounts for revenues and expenditures attributable to the City's program of rehabilitating substandard rental and owner occupied housing. Major financing sources include the U. S. Department of Housing and Urban Development, the Michigan State Housing Development Authority and the reuse of UDAG/DIAL funds.



CITY OF ESCANABA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Grants Fund - This fund accounts for revenues from various sources, including City matching shares, received under one-time grants. Expenditures are restricted to accomplishing the goals as defined in the individual grant offers.

Urban Development Action Grant Fund (UDAG/DIAL) - This fund has been established to account for funds granted to the City by the U.S. Department of Housing and Urban Development to make a loan to the Dial Corporation to be used for Delta Plaza improvements and related expenditures. Collections of interest and principal on this loan must be used for economic development activities.

Farmers Home Grant Fund - This fund was established to account for funds granted to the City by the Rural Development Administration, United States Department of Agriculture. The grant produced \$200,000 to be used by Calouette Industrial Properties for the renovation of buildings on the former Harnischfeger site. The grant called for a \$50,000 loan and a \$150,000 grant.

E.D.A. Revolving Loan Fund -

M.S.C. Revolving Loan Fund II - These funds were established to account for funds granted to the City to make loans to concerns which show the capacity for the creation of jobs. The E.D.A. Revolving Loan Fund was established through the U.S. Department of Commerce, under its Economic Development Administrations's Title IX Adjustment Implementation Program. The M.S.C. Revolving Loan Fund II was established through the State of Michigan's Department of Commerce Michigan Small Cities Program. Under each grant, loan repayments, including interest, are used to make further loans to concerns meeting specific criteria.

Land Development Fund - This fund accounts for revenues and expenditures in connection with the development and sale of City-owned land. It was established to provide on-going financing for water, sewer, storm sewer and street development on City owned properties.

Sanitary Landfill Fund - This fund was established by City ordinance and records receipts of garbage pickup fees by the City utility billing department. Fees are used to offset garbage pickup expenses in the General Fund.

Permanent Fund - The Gas Retirement Fund is the City's only permanent fund. This fund accounts for funds received from the sale of the City's gas utility in June, 1965, to Michigan Consolidated Gas Company. By a vote of the citizens on November 2, 1965, the City is prohibited from expending any principal resulting from the sale. Additionally, the interest earned from the investment of the principal must be spent on "capital improvements" only.

CITY OF ESCANABA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**PROPRIETARY FUNDS**

Enterprise Funds - Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or after November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements. Enterprise Funds used by the City are as follows:

Electric Utility Fund - This fund is used to record the operations of an electrical system.

Water Utility Fund - This fund is used to record the operations of a water system.

Waste Water Utility Fund - This fund is used to record the operations of a waste water system.

Marina Fund - This fund is used to record the operations of a marina.

Internal Service Funds - Internal Service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, on a cost-reimbursement basis. In the government-wide financial statements, Internal Service Fund activity is included with the governmental activities. Internal Service Funds used by the City are as follows:

Escanaba Building Authority Fund - This fund is used to account for the financing of both the Public Works Complex and the City Hall/Library Complex. Such costs are billed to user departments in the form of rent.

Motor Vehicle Equipment Fund - This fund accounts for the cost of acquiring, maintaining and providing vehicle and equipment usage to various City departments. Such costs are billed to user departments in the form of rent.

Office Equipment Fund - This fund accounts for the cost of acquiring, maintaining and providing various office equipment usage to various City departments. Such costs are billed to user departments in the form of rent.

Risk Retention Fund - This fund is used to account for the City's partially self-insured general liability and property coverage.

CITY OF ESCANABA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Dental Fund - This fund is used to account for the City's dental self-insurance program. During the 2007 fiscal year this fund was closed into the Health Insurance Fund.

Health Insurance Fund - This fund is used to account for the City's health, dental and life insurance programs, which are partially self-insured.

Worker's Compensation Fund - This fund is used to account for the City's workers' compensation self-insurance program.

Unemployment Compensation Fund - This fund is used to account for the City's unemployment compensation self-insurance program.

**FIDUCIARY FUNDS**

Trust and Agency Funds - Trust and Agency Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Agency Funds are custodial in nature and do not involve measurement of results of operations. Trust and Agency Funds of the City are as follows:

**Private Purpose Trust Funds:**

Catherine Bonifas Trust Fund - This fund accounts for monies received from a bequest under the Last Will and Testament of Catherine Bonifas.

Bezold Trust Fund - This fund accounts for monies received from a bequest from the estate of Margaret Bezold.

**Pension Trust Fund:**

Public Safety Retirement Fund - This fund is used to record the operations of the public safety employees' retirement system.

**Agency Funds:**

Tax Collection Fund - This fund is used to account for the collections and payment of amounts received by the City in an agency capacity for governmental units assessing a property tax on property within the City limits.

**C. Measurement Focus and Basis of Accounting** - Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded, regardless of the measurement focus applied.

**Measurement Focus** - On the government-wide Statement of Net Assets and the Statement of Activities, both governmental and business-type activities are presented using the "economic resources" focus, which is described in paragraph (b) below:



CITY OF ESCANABA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds, which include private purpose trust funds, utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable resources at the end of the period.
- b. The proprietary funds, which include pension trust funds, utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus is the determination of operating income, changes in net assets, financial position and cash flows. All assets and liabilities, whether current or non-current, associated with their activities are reported. Proprietary fund equity is classified as net assets.
- c. Agency Funds are not involved in the measurement of results of operations; therefore measurement focus is not applicable to them.

**D. Basis of Accounting** - In the government-wide Statement of Net Assets and the Statement of Activities, both governmental and business-type activities are presented using the accrual basis of accounting. Also, the proprietary fund financial statements are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented using the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when they become measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after the year-end. Expenditures, including capital outlay, are recorded when the related liability is incurred, except for principal and interest on general long-term debt and accrued compensated absences, which are reported when due.

**E. Assets, Liabilities and Net Assets/Fund Balances:**

1. **Cash and Equivalents** - The City's cash and cash equivalents as reported in the Statement of Cash Flows and the Statement of Net Assets are considered to be cash on hand, demand deposits and short-term investments with maturities of three months or less.

CITY OF ESCANABA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

2. Receivables - All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Receivables are written off on a policy based on how recently payments have been received.
3. Due to and Due From Other Funds - Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which the transactions are executed.
4. Inventory - Inventories are valued at cost, which approximates market value, using the weighted average method. Inventories are recorded as an expenditure/expense at the time the individual items are consumed.
5. Fixed Assets - The accounting and reporting treatment applied to property, plant and equipment depends on whether the assets are used in governmental fund operations or proprietary fund operations and on whether the assets are reported in the government-wide financial statements or the fund financial statements.

**Government-wide Statements** - In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost or estimated historical cost if actual cost was unavailable. Donated fixed assets are recorded at their estimated fair market value as of the date of donation.

Prior to July 1, 2002, the governmental funds infrastructure assets, the major and local street systems, were not capitalized. These assets have been valued at their estimated historical cost.

Depreciation of all exhaustible fixed assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the estimated useful life of the asset using the straight-line method of depreciation. The range of estimated useful lives, by fund, is as follows:

Electric Utility Fund:	
Operating plant	3 - 40 years
Distribution system and equipment	4 - 40 years
Water Utility Fund:	
Water plant and distribution system	2 - 75 years
Equipment	2 - 20 years
Waste Water Utility Fund:	
Structures	10 - 50 years
Mains	75 years
Equipment	5 - 20 years
Marina Fund:	
Boat launch/parking	20 - 50 years
Furniture, fixtures and equipment	5 - 15 years
Marina docks, piers and walls	20 - 75 years
Harbor Master building	40 - 50 years

CITY OF ESCANABA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Internal Service Funds (Governmental):	
Escanaba Building Authority	3 - 45 years
Motor Vehicles and Equipment	3 - 25 years
Office Equipment	3 - 10 years
Other Assets (Governmental):	
Land improvements	30 - 50 years
Buildings	20 - 50 years
Infrastructure	20 - 50 years
Equipment	5 - 30 years

**Fund Financial Statements** - In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide financial statements.

6. Long-term Debt - The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide financial statements or the fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds and notes payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and the payment of principal and interest is reported as expenditures. The accounting for long-term debt for the proprietary funds is the same in the fund financial statements as it is in the governmental-wide financial statements.

7. Compensated Absences - The City's policies regarding vacation and sick time allow employees to accumulate earned but unused vacation and sick time. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while proprietary funds report the liability as it is incurred.
8. Deferred Revenues - In the government-wide financial statements and the proprietary fund financial statements, deferred revenue is recognized when cash, receivables or other assets are received prior to being earned. In the fund financial statements, deferred revenue is recognized when the revenue is unearned or unavailable.



CITY OF ESCANABA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**9. Equity Classification**

Government-wide Financial Statements - Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt - This component consists of capital assets net of accumulated depreciation and reduced by the outstanding balance of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted net assets - This component consists of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Financial Statements - Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved being further segregated between designated and undesignated, if appropriate. Proprietary fund equity is classified the same as in the government-wide financial statements.

**F. Revenues**

Government-wide Financial Statements - In the government-wide Statement of Activities, revenues are segregated by activity (governmental or business type) and are classified as either a program revenue or a general revenue. Program revenues include charges to customers or applicants for goods or services, operating grants and contributions and capital grants and contributions. General revenues include all revenues that do not meet the criteria of program revenues and include revenues such as property taxes, state revenue sharing payments and interest earnings.

Fund Financial Statements - In the governmental fund statements, revenues are reported by source, such as federal, state and taxes. Revenues consist of general-purpose revenues and restricted revenues. General-purpose revenues are available to fund any activity reported in that fund, while restricted revenues are available only for a specific purpose or activity and the restrictions are typically required by law or a grantor agency. When both general-purpose and restricted revenues are available for use, it is the City's policy to use restricted resources first.

CITY OF ESCANABA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**G. Expenses/Expenditures**

Government-wide Financial Statements - In the government-wide Statement of Activities, expenses are segregated by activity (governmental or business type) and are classified by function.

Fund Financial Statements - In the governmental fund financial statements, expenditures are classified by character; current, debt service and capital outlay.

In the proprietary fund financial statements, expenses are classified by operating and non-operating and are further classified by function, such as salaries, supplies and contracted services.

**H. Operating Revenues and Expenses** - Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing or investing activities.

**I. Other Financing Sources (Uses)** - The transfers of cash between the various City funds are budgeted but reported separately from revenues and expenditures as operating transfers, unless they represent temporary advances that are to be repaid, in which case they are carried as assets and liabilities of the advancing or borrowing funds, respectively.

**J. Interfund Activity** - As a general rule, the interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are: 1) activities between funds reported as governmental activities and funds reported as business-type activities, and 2) activities between funds that are reported in different functional categories in either the governmental or business-type activities column. Elimination of these activities would distort the direct cost and program revenues for the functions concerned.

Interfund receivables and payables have been eliminated from the Statement of Net Assets except for the residual amounts due between governmental and business-type activities.

**K. Budget and Budgetary Accounting** - The development and adoption of the City's budget is based upon requirements as set forth in both the City Charter and Act 2, P.A. of 1968 of the State of Michigan, the "Uniform Budgeting and Accounting Act." The following is a summary of the significant legal requirements and the City's policies.

**Budgetary Basis of Accounting** - Act 2, Public Acts of 1968 of the State of Michigan requires a formal budget for all funds except Internal Service, Enterprise or Public Improvements/Building and Site Funds, which require an "informational summary" in lieu of a formal budget. The City Charter

CITY OF ESCANABA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

requires submission of the budget to the City Council no later than two months prior to the beginning of the next fiscal year. The City Charter further defines the information required to be presented in the budget and the requirement for a public hearing prior to adoption. The City Charter and state law also require that an appropriations ordinance be adopted, based on the approved budgets, no later than one month prior to the ensuing fiscal year. All budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

**Appropriations Ordinance** - As prescribed by state law, the City's annual appropriations ordinance includes the legal expenditure limitations for all Governmental Fund Types. This includes the General Fund and all Special Revenue Funds. Proprietary Funds do not require inclusion in the appropriations ordinance.

The appropriations ordinance prescribes the legal expenditure limits for all funds required to be included in the ordinance. The level of control for each fund is based upon the level to which the appropriation ordinance details it. Most budgets are adopted on a fund basis, but the General Fund is adopted on the activity level of various functions or programs within the General Fund. Administrative control of expenditures is maintained through the utilization of the detailed line item budgets upon which the appropriations ordinance is formulated.

**Budget Amendment** - The City Charter states that at any meeting after the passage of the appropriations ordinance, with at least one week's printed notice in a city newspaper, the Council may amend the appropriations ordinance. Budget amendments may be required due to several factors; receipt of outside grants during the year, expenditures for unanticipated developments and projects continuing over two fiscal years. Unexpended appropriations lapse at year end with the exception of the Capital Projects Funds. The budgeted amounts listed in this report are as originally adopted on May 15, 2007, and as amended by the Council on June 12, 2008.

**Budgetary Calendar**

1. The City holds public hearings on the budget from January through April. These publicized meetings are designed to encourage public input into City programs and are held at these times to allow integration of suggestions into the budgetary process.
2. Budgets are developed and reviewed with the City Council at budget work sessions open to the public. Department heads are given the opportunity to support their requests during these sessions.
3. The City holds two public hearings in May on the budgets, publicized and open to the public. At the second meeting, budgets are adopted and the appropriations ordinance is drafted based on the adopted budget.
4. The appropriations ordinance is formally adopted prior to June 1.

CITY OF ESCANABA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

5. The City Manager is authorized to transfer budgeted amounts between line items within most funds. For the General Fund, this is limited to the activity level of various functions or programs. However, any revisions that alter the total expenditures of most funds or the activity level expenditures of the General Fund must be approved by the City Council.

**L. Investments** - In compliance with Governmental Accounting Standards Board Statement No. 31 (GASB 31), all investments are stated at market value as of June 30, 2008.

The primary purpose of GASB 31 is to alert financial statement users of any possible problems with investment portfolios, based on differences between cost and market. By requiring that financial statements reflect investments at market, it effectively requires that any differences between cost and market values - unrealized gains and losses - are treated as recognized gains and losses. The treatment of recognizing unrealized gains and losses is recorded on the City's books as "Gain (loss) on sale of investments" in each of the City's funds that this applies to.

The creation of unrealized gains and losses is a condition resulting from the change in interest rates which occurs continuously in the world's financial markets. Generally, as interest rates fall, the market value of investments rise and as interest rates rise, the market value of investments fall. While techniques can be used to minimize this impact and to predict future interest rate direction, the reality is that these changes are a simple fact of investing. GASB 31 was an attempt to recognize that as these changes occur in financial markets, it can impact an entity's future funds availability. Numerous governmental entities have suffered major financial impacts resulting from these shifts in market conditions. Theoretically, by recording investments at market, financial statement readers are alerted to potential problems of this nature.

The problem with GASB 31 is that it requires the recognition of revenue that hasn't been, and may never be, received. Not only does this impact the financial statements in a manner which cannot be reasonably budgeted for, it can lead to even greater distortions in future years. The basic structure of the City's portfolio is a "laddering" approach; as funds become available for investing, they are generally invested for a duration longer than the investments which are currently owned, depending on the rates that the market is providing. As a result, the City has investments maturing on a regular basis. Having to sell investments at a loss in order to raise cash will seldom, if ever, occur.

Because the City believes that the imposition of GASB 31 on the City's financial statements has an inappropriate effect, the schedule below details, for each fund impacted, the audited results, the impact of GASB 31, and the financial results without the imposition of GASB 31.



CITY OF ESCANABA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

<u>Fund</u>	<u>Audited Results</u>	<u>GASB 31 Impact</u>	<u>Actual Results</u>
General Fund	\$ 271,592	\$ (14,695)	\$ 256,897
Major Street Fund	(27,892)	(411)	(28,303)
Local Street Fund	(369,839)	(2,923)	(372,762)
Parking Maintenance Fund	(892)	(26)	(918)
Downtown Development Authority	(104,439)	(1,573)	(106,012)
Brownfield Fund	(433)	(68)	(501)
Drug Law Enforcement Fund	3,481	(43)	3,438
Delta County Central Dispatch Authority	-	(201)	(201)
Library Fund	43,132	233	43,365
Housing Rehab (Fund 274)	(3,795)	(293)	(4,088)
Grants Fund	-	-	-
UDAG/DIAL Grant Fund	122,483	(2,456)	120,027
E.D.A. Revolving Loan Fund	86,326	(4,742)	81,584
Farmers Home Grant Fund	4,247	(167)	4,080
M.S.C. Revolving Loan Fund II	57,493	(1,446)	56,047
Land Development Fund	(9,134)	(2,070)	(11,204)
Sanitary Landfill Fund	(380)	(216)	(596)
Electric Utility Fund	(468,699)	(49,713)	(518,412)
Water Utility Fund	(13,463)	(2,525)	(15,988)
Waste Water Utility Fund	(43,025)	(5,727)	(48,752)
Marina Fund	(23,739)	(253)	(23,992)
Escanaba Building Authority	7,551	(861)	6,690
Motor Vehicle and Equipment Fund	139,598	(4,168)	135,430
Office Equipment Fund	4,740	42	4,782
Risk Retention Fund	1,366	(112)	1,254
Dental Fund	-	-	-
Health Insurance Fund	165,583	(214)	165,369
Worker's Compensation Fund	(42,282)	(3,036)	(45,318)
Unemployment Compensation Fund	535	(1,790)	(1,255)
Catherine Bonifas Trust	6,534	(260)	6,274
Bezold Trust Fund	5,311	(636)	4,675
Gas Retirement Fund	7,506	(2,891)	4,615

**M. Post-retirement Benefits** - Post-retirement benefits consist primarily of pension benefits as explained in Note 8. Additionally, retirees are able to obtain health insurance through the City's insurance carrier at their own cost.

**N. Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2 - BUDGET NONCOMPLIANCE**

The City has not complied with certain provisions of the Michigan Uniform Budgeting and Accounting Act. Items of noncompliance are as follows.

The following function in the General Fund was overspent:

City elections	\$ 135
----------------	--------

CITY OF ESCANABA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

**NOTE 3 - CASH, DEPOSITS AND INVESTMENTS**

Cash balances of most City funds are pooled for investment purposes. Interest earnings and any net short-term gains on sales of investments purchased with pooled funds are allocated monthly to each of the funds based on their daily equity balance. The carrying amount of pooled cash and investments on June 30, 2008 and 2007 was \$34,049,040 and \$35,293,307, respectively.

The City also has several funds which do not participate in the investment pool. The majority of non-pooled cash and investments is owned by the Public Safety Pension Fund. The carrying amount of non-pooled cash and investments as of June 30, 2008 and 2007 was \$18,539,083 and \$20,586,418, respectively.

The investment of City funds is governed by state statutes. In general, state statutes provide that the City is authorized to invest their pooled funds in bonds, direct obligations and repurchase agreements of the United States Government or an agency of the same; deposits in insured financial institutions having their primary office in Michigan; commercial paper rated prime; banker's acceptances issued by United States banks; and mutual funds that invest in any of the preceding investments.

The major restriction placed on non-pooled investments is based on state statutes governing the Public Safety Pension Fund. These statutes define the types of investments (including equity investments, which are not legal for the pooled funds) that the fund can make and further define the permitted ratios of investments. In addition, the Public Safety Pension Fund governing board currently has a sixty-five (65) percent ceiling on equities as a proportion of total investments.

Investment requirements imposed by local bonding ordinances are an additional restriction placed on non-pooled deposits and investments. These ordinances require funds which serve as bond reserves to be separately invested in obligations of the United States Government or its agencies or instrumentalities.

Attorney General's Opinion No. 6168 states that public funds may not be deposited in financial institutions located in states other than Michigan.

**Deposits** - At June 30, 2008, the carrying amount of the City's deposits was \$1,566,802 and the bank balance was \$1,618,346. Of the bank balance, \$306,055 was covered by federal depository insurance and \$1,312,291 was uninsured and uncollateralized. Cash and equivalents on the statement of net assets also includes \$3,725 of cash on hand.

**Cash Equivalents** - Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and mature in such a short period of time that their values are effectively immune from changes in interest rates. Examples of cash equivalents include treasury bills, commercial paper, money market funds, and cash management pools.



CITY OF ESCANABA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

**NOTE 3 - CASH, DEPOSITS AND INVESTMENTS (continued)**

A reconciliation of cash and investments to bank deposits and total investments is as follows:

Government-wide Statement of Net Assets

Presentation:

Cash and equivalents	\$ 167,863
Investments, at market	33,019,993
Sequestered cash and equivalents	399,977
Cash on deposit	176,302
Restricted cash and investments	<u>359,813</u>
Subtotal	<u>34,123,948</u>

Statement of Fiduciary Net Assets

Presentation:

Cash and equivalents	27,191
Investments, at market	<u>18,942,219</u>
Subtotal	<u>18,969,410</u>
TOTAL	<u>\$ 53,093,358</u>

The City's investments are stated at fair value, which is determined using the current stock and bond indexes, as appropriate. For investments that do not have established market values, estimated fair value is used.

The following schedule lists the investments and maturities of the City as of June 30, 2008:

		<u>Investment Maturities (In Years)</u>			
	<u>Market</u>	<u>Less than One</u>	<u>One to Five</u>	<u>Six to Ten</u>	<u>Over Ten</u>
Investments:					
Operating Funds:					
U. S. Treasury Obligations	\$ 6,288,029	\$ -	\$1,014,723	\$ 758,378	\$ 4,514,928
U. S. Agencies	10,848,460	-	995,270	4,015,260	5,837,930
CD's listed as investments	<u>14,411,707</u>	<u>9,150,749</u>	<u>5,260,958</u>	<u>-</u>	<u>-</u>
Total	<u>\$31,548,196</u>	<u>\$9,150,749</u>	<u>\$7,270,951</u>	<u>\$4,773,638</u>	<u>\$10,352,858</u>

CITY OF ESCANABA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

**NOTE 3 - CASH, DEPOSITS AND INVESTMENTS (continued)**

In addition to the above holdings, the City (which includes funds held by the Public Safety Officer Pension Trust Fund (PSO)), had the following holdings, which are also recorded at market value:

	<u>Market Value</u>
Investment:	
Operating Funds:	
Money Market Funds:	
Merrill Lynch	\$ 368,749
Wells Fargo	1,065,474
Pension Funds:	
Mutual Funds:	
Vanguard Small Cap Index Fund	1,813,918
Eaton Vance Fund of Boston	1,477,449
Vanguard 500 Index Fund	5,215,915
Vanguard Total Bond Market Index Fund	4,916,259
JP Morgan Mid Cap Value Fund	3,846,867
Dimensional International Value Fund	<u>1,270,004</u>
	<u>\$19,974,635</u>

**Interest Rate Risk** - The City's investment policy follows state law with the exception that while state law has no maximum maturity on investments, the City requires that investments not exceed twelve years. None of the City's investments exceeded this threshold. The PSO's investments are in mutual fund investment pools which are not subject to interest rate risk disclosure.

**Credit Risk** - The City's and the PSO's investment policy follows state law. Of the U.S. Treasury and agency investments listed above, \$15,401,231 were rated AAA by Standard & Poor's. The remainder were not separately rated. The money market funds held by the City and the mutual funds held by the PSO were not separately rated.

**Custodial Credit Risk** - The City's investment policy states that brokerages offering securities to the City are required to maintain all securities in a separate account and to not aggregate the City's securities with those of other account holders. The PSO's investments are in mutual fund investment pools, which is evidenced by shares in the pool, not by securities that exist in physical or book-entry form.

**Concentration of Credit Risk** - The City's investment policy states that no more than fifty percent of its surplus funds may be invested in certificates of deposit. As of June 30, 2008, the City had 41.7% of its surplus funds invested in certificates of deposit. Additionally, the City is only allowed to invest up to ten percent of its pooled funds in commercial paper and repurchase agreements. As of June 30, 2008, the City had no funds invested in either commercial paper or repurchase agreements.

CITY OF ESCANABA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

**NOTE 3 - CASH, DEPOSITS AND INVESTMENTS (continued)**

The PSO's investment policy prohibits any one security exceeding five percent of an overall fund. No investment exceeded this threshold during the fiscal year. Additionally, no one industry can represent more than twenty percent of an individual fund. No industry represented more than twenty percent of an individual fund during the fiscal year.

**NOTE 4 - UTILITY RECEIVABLES**

The City's net receivables for utility services (Electric, Water, and Waste Water) are summarized as follows:

Billed Receivables	\$ 1,515,618
Unbilled Receivables	<u>1,056,839</u>
Total Receivables	2,572,457
Less: Allowance for doubtful accounts	<u>(44,274)</u>
Net Receivables	<u>\$ 2,528,183</u>

The City's Sanitary Landfill Special Revenue Fund also shows \$13,342 of billed receivables and \$11,040 of unbilled receivables which are categorized under accounts receivable in the financial statements.

**NOTE 5 - MORTGAGES, LAND CONTRACTS AND OTHER NOTES RECEIVABLE**

Long-term receivables due the City at June 30, 2008 and 2007 consist of the following:

Debtor	Original Amount of Loan	Inter- est Rate	Monthly Payment	Collateral	Balance June 30,	
					2008	2007
<b><u>UDAG/DIAL Grant Fund:</u></b>						
DIAL Enterprises	\$1,221,264	(b)	(b)	Real Estate	\$ 688,014	\$ 733,267
K & D Enterprises	5,985	7.0%	239(a)	Real Estate	-	666
DDD & S Facade Loan	20,000	0.0%	500(a)	Real Estate	1,001	3,000
Pioneer TV Facade Loan	10,000	0.0%	250(a)	Real Estate	500	1,500
Biggby's	30,000	7.50%	352(a)	Real Estate	28,989	-
Roberta Jo and Paul Viau	\$ 10,000	0.0%	357(a)	Real Estate	6,071	7,500
DeGrand Enterprises	10,000	0.0%	357(a)	Real Estate	6,071	7,500
William & Donna Perron	10,000	0.0%	305(a)	Real Estate	-	694
Rick and Judy Jensen	10,000	0.0%	357(a)	Real Estate	7,879	8,929
Fyhr Enterprises	8,288	0.0%	296(a)	Real Estate	-	1,184
Ed and Suzell Eisenberger	9,243	0.0%	330(a)	Real Estate	3,341	4,301
Lawrence and Karen Anderson	10,000	0.0%	357(a)	Real Estate	-	4,121
Clare Bedding	8,925	0.0%	319(a)	Real Estate	1,913	3,188
Boomer's/Crawford/Hoskings	35,000	4.75%	491(a)	Real Estate	-	20,809
Richard Malone	10,000	0.0%	357(a)	Real Estate	4,361	5,400
Craig Woerpel	10,000	0.0%	357(a)	Real Estate	5,831	5,831
Tom & Connie Harris	10,000	0.0%	357(a)	Real Estate	4,307	5,736
Swedish Pantry	9,742	0.0%	348(a)	Real Estate	4,523	5,915

CITY OF ESCANABA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

**NOTE 5 - MORTGAGES, LAND CONTRACTS AND OTHER NOTES RECEIVABLE (continued)**

Debtor	Original Amount of Loan	Inter- est Rate	Monthly Payment	Collateral	Balance June 30,	
					2008	2007
Pioneer TV Facade Loan #2	10,000	0.0%	357(a)	Real Estate	5,714	6,786
Wedding Center/Ray Krusic	10,000	0.0%	357(a)	Real Estate	6,071	7,500
Kenneth Schwalbach	10,000	0.0%	357(a)	Real Estate	7,879	8,571
Sviland Paint	10,000	0.0%	357(a)	Real Estate	7,579	9,008
Wickerts/Cashen	52,000	8.25%	392	Real Estate	29,146	31,319
Jim & Beverly Peacock	35,000	5.25%	499	Real Estate	20,000	-
FUND TOTALS					839,190	882,725
<b><u>EDA Revolving Loan Fund:</u></b>						
RT Mfg.	235,000	4.0%	4,328	Promissory Note	42,196	91,346
Michigan Meats	335,000	5.75%(c)	2,030	Promissory Note	330,091	338,604
Michigan Meats	30,000	6.50%(c)	344	Promissory Note	26,850	30,000
EMP, Inc.	500,000	7.25%	9,960	All Assets	376,082	460,953
FUND TOTALS					775,219	920,903
<b><u>M.S.C. Revolving Loan Fund II:</u></b>						
Escanaba Foundation	62,500	8.0%	523	Hanger Building	27,495	27,495
M & M Enterprises	189,720	6.0%	2,772	Promissory Note	2,649	7,631
E & S Eisenberger	108,800	8.5%	1,004	All Assets	69,067	64,608
P&B Associates	123,000	4.5%	910	Promissory Note	107,511	118,457
EMP, Inc.	500,000	7.25%	9,960	All Assets	376,082	460,953
FUND TOTALS					582,804	679,144
TOTALS					<u>\$2,197,213</u>	<u>\$2,482,772</u>

(a) Quarterly payment.

(b) For the period commencing on December 1, 1993 and ending December 1, 2003, payments of principal and interest at 4 percent in the amount of \$6,446 were made. For the period December 1, 2003 to December 1, 2008, payments of principal and interest at 6 percent in the amount of \$7,354 will be made. On December 1, 2008, the note will mature, at which time the entire unpaid balance of approximately \$662,000 will be due.

(c) Interest shall commence accruing upon advancement of loan funds. Interest rate shall be 1.75% below New York Composite Prime Rate. Simple interest and interest rate shall be adjusted every three (3) years to reflect any changes to the New York Composite Prime Rate.

**NOTE 6 - PROPERTY TAXES**

The City's annual property tax on real and personal property is levied, by action of the City Council, no later than June 1 annually, and becomes an enforceable lien on July 10, payable by September 15, and is based on the taxable valuation of property on the preceding December 31. The City bills and collects its own property taxes and also acts as collection agent



CITY OF ESCANABA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

**NOTE 5 - MORTGAGES, LAND CONTRACTS AND OTHER NOTES RECEIVABLE (continued)**

for all overlapping governments in the City, which includes the local school district, intermediate school district, community college and the county. Collections of property taxes for overlapping governments are accounted for in the Tax Collection Agency Fund. City property tax revenues are recognized during the year in which they are collected. An allowance for delinquent taxes is provided for receivables not expected to be collected during the year.

In 1982, Delta County established a real property tax revolving fund. Each March 1, all unpaid real property taxes become delinquent and are sold to the County. At March 1, 2007 and 2008, total delinquent real property taxes sold to the County totaled \$169,240 and \$160,911, respectively.

**NOTE 7 - CAPITAL ASSETS**

A summary of changes in governmental activities capital assets is as follows:

	<u>Balance</u> <u>06/30/07</u>	<u>Additions</u>	<u>Retirements</u> <u>and other</u> <u>Deductions</u>	<u>Balance</u> <u>06/30/08</u>
Land, not being depreciated	\$ 1,395,976	\$ 18,300	\$ 5,962	\$ 1,408,314
Land improvements	5,274,556	49,939	-	5,324,495
Buildings and improvements	9,265,536	54,209	-	9,319,745
Parking lots	397,884	-	-	397,884
Vehicles and equipment	7,721,604	1,296,239	143,918	8,873,925
Infrastructure	14,975,709	1,596,374	151,314	16,420,769
Total capital assets subject to depreciation	37,635,289	2,996,761	295,232	40,336,818
Total capital assets	39,031,265	3,015,061	301,194	41,745,132
Less accumulated depreciation:				
Land improvements	1,062,451	149,350	-	1,211,801
Buildings and improvements	2,956,382	208,918	-	3,165,300
Parking lots	102,430	13,265	-	115,695
Equipment	5,006,605	536,746	121,488	5,421,863
Infrastructure	4,746,228	462,441	151,314	5,057,355
Total accumulated depreciation	13,874,096	1,370,720	272,802	14,972,014
NET GOVERNMENTAL ACTIVITIES CAPITAL ASSETS	<u>\$25,157,169</u>	<u>\$1,644,341</u>	<u>\$ 28,392</u>	<u>\$26,773,118</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 259,135
Public Safety	227,403
Highways, streets and public works	617,560
Recreation	172,608
Cultural	84,774
Economic development	9,240
Total governmental activities depreciation expense	<u>\$1,370,720</u>

CITY OF ESCANABA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

**NOTE 7 - CAPITAL ASSETS (continued)**

A summary of business-type activities property, plant and equipment at June 30, 2008 is as follows:

	Balance 06/30/07	Additions	Retirements and other Deductions	Balance 06/30/08
Capital assets not subject to depreciation:				
Land	\$ 56,953	\$ -	\$ -	\$ 56,953
Construction in progress	1,023,844	5,690	1,001,398	28,136
Total capital assets not subject to depreciation	1,080,797	5,690	1,001,398	85,089
Capital assets subject to depreciation:				
Land improvements	1,687,192	20,304	-	1,707,496
Buildings and improvements	21,424,177	4,173,647	-	25,597,824
Electric generating equipment	11,879,323	-	-	11,879,323
Transmission and distribution systems	20,016,815	514,438	17,212	20,514,041
Other machinery and equipment	1,227,160	27,391	3,140	1,251,411
Total capital assets subject to depreciation	56,234,667	4,735,780	20,352	60,950,095
Total capital assets	57,315,464	4,741,470	1,021,750	61,035,184
Less accumulated depreciation:				
Land improvements	752,856	40,335	-	793,191
Buildings and improvements	11,697,043	897,349	-	12,594,392
Electric generating equipment	8,018,082	247,668	-	8,265,750
Transmission and distribution systems	10,463,436	396,512	17,212	10,842,736
Other machinery and equipment	977,961	49,205	3,139	1,024,027
Total accumulated depreciation	31,909,378	1,631,069	20,351	33,520,096
NET BUSINESS TYPE ACTIVITIES CAPITAL ASSETS	\$25,406,086	\$3,110,401	\$ 1,001,399	\$27,515,088

Depreciation expense was charged as follows:

Electric	\$1,032,956
Water	327,196
Waste water	208,153
Marina	62,764
Total business-type activities depreciation expense	<u>\$1,631,069</u>

**NOTE 8 - PENSION PLANS**

**Public Safety Pension Plan**

**A. Plan Description** - The Escanaba Public Safety Pension Fund is a single employer public employee retirement system established and administered by the City to provide pension benefits exclusively for all of its public safety officers. The Pension Fund is accounted for as a separate Pension Trust Fund. At June 30, 2007, the date of the most recent actuarial valuation, membership in the Pension Fund consisted of 32 current employees and 51 retirees and beneficiaries currently receiving benefits, one terminated employee entitled to but not yet receiving benefits, and two deferred retirement plan option participants.



CITY OF ESCANABA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

**NOTE 8 - PENSION PLANS (continued)**

The Public Safety Pension Fund provides retirement benefits as well as death and disability benefits. Employees who retire at any age with 25 or more years of service or age 60 regardless of service are entitled to an annual retirement benefit, payable for life, in an amount equal to 3.0% of their three-year average final compensation (AFC) multiplied by their first 25 years of service, for a maximum benefit of 75% of final average compensation. A deferred retirement is earned by an employee who terminates before retirement age and has 10 or more years of service. The plan provides for a minimum retiree pension amount of \$500 per month. This minimum is also applicable to surviving spouses. The annual retirement benefit payable to a qualifying retiree is increased by 1.0% (1.5% for those retirees and beneficiaries retiring after July 1, 2002) per year, compounded annually.

Covered employees are required to contribute 5.0% of their compensation to the plan if the City's contribution rate is below 6.83%. If the City's contribution rate rises above 6.83%, then members are required to contribute 6.0% to the plan. If an employee leaves covered employment or dies before 10 years of credited service, accumulated employee contributions plus related investment earnings are refunded to the employee or designated beneficiary. City contributions are actuarially determined and based on the individual entry-age method.

**B. Actuarial Accrued Liability** - The actuarial accrued liability was determined as part of an actuarial valuation of the plan as of June 30, 2007. Significant actuarial assumptions used in determining the actuarial accrued liability included (a) a rate of return on the investment of present and future assets of 8.0%, (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation and (c) additional salary increases of 0.0% to 4.0% per year, depending on age, attributable to seniority/merit.

All entries are based on the actuarial methods and assumptions that were used in the June 30, 2007 actuarial valuation to determine the annual employer contribution amounts. The individual entry-age actuarial cost method was used to determine the entries at disclosure.

GASB 25 INFORMATION

Actuarial Accrued Liability:	
To retirants and beneficiaries	\$13,560,931
To present active members:	
Member contributions	7,890,157
Inactive vested members	208,820
Allocated to DROP accounts	<u>185,163</u>
Total actuarial accrued liability	21,845,071
Actuarial value of assets	<u>19,686,269</u>
Unfunded (overfunded) actuarial accrued liability	<u>\$ 2,158,802</u>

**CITY OF ESCANABA, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2008

**NOTE 8 - PENSION PLANS (continued)**

**GASB 27 INFORMATION**

Contributions Required and Contributions Made - The funding policy of the plan provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The normal cost and amortization payment for the fiscal year ended June 30, 2007 were determined using the individual entry-age actuarial cost method. Unfunded actuarial accrued liabilities, if any, were amortized as a level percent of payroll over a period of thirty years. The following table provides a schedule of contribution amounts and percentages for recent years.

<u>Year ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percent Contributed</u>
2003	\$ 123,488	100%
2004	219,191	100%
2005	418,035	100%
2006	465,237	100%
2007	489,661	100%

The amount shown above as the annual required contribution is the amount actually contributed in each fiscal year. These amounts are determined by applying the computed employer percent of payroll contribution rate to the actual pay during the fiscal year.

The employer portion of the contribution for the fiscal year ending June 30, 2008 was calculated at 29.08% of the valuation payroll. This calculates out to \$533,847.

**Schedule of Funding Progress**

<u>Actuarial Valuation Date</u>	<u>(a) Actuarial Value of Assets</u>	<u>(b) Entry Age Actuarial Accrued Liability</u>	<u>(b-a) Unfunded Accrued Liability (UAL)</u>	<u>(a/b) Funded Ratio</u>	<u>(c) Annual Covered Payroll</u>	<u>[(b-a)/c] UAL as a Percentage of Covered Payroll</u>
6/30/03	\$18,797,603	\$17,360,814	\$ (1,436,789)	108%	\$ 1,708,691	-%
6/30/03@	18,797,603	18,293,107	(504,496)	103%	1,708,691	-%
6/30/04	18,431,090	18,883,067	451,977	98%	1,867,349	24%
6/30/05	18,381,567	19,616,655	1,235,088	94%	1,827,151	68%
6/30/05*	18,381,567	19,474,567	1,093,000	94%	1,827,151	60%
6/30/06	18,635,314	20,681,115	2,045,801	90%	1,835,787	111%
6/30/06*	18,635,314	20,634,472	1,999,158	90%	1,835,787	109%
6/30/07	19,686,269	21,845,071	2,158,802	90%	1,799,708	120%

\* After changes in benefit provision.

@ After changes in assumptions.

**Michigan Municipal Employees Retirement System**

**A. Plan Description** - The City of Escanaba contributes to the Michigan Municipal Employees Retirement System (MERS), a multiple-employer public retirement system that acts as a common investment and administrative agent for municipalities in the State of Michigan. The plan issues a stand-alone financial report.

CITY OF ESCANABA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

**NOTE 8 - PENSION PLANS (continued)**

All full-time and certain part-time City employees, except for Public Safety employees, who are covered exclusively under the Public Safety Pension Plan, are eligible to participate in either the defined benefit or defined contribution plan in MERS. In the defined benefit plan, benefits vest after 10 years of service. All members, with the exception of the part-time division, may retire with full benefits at or after age 55 with 25 years of credited service. Employees with 15 years of credited service may retire at or after age 55 with reduced benefits. Employees with 25 years or more of credited service may retire at or after age 50 with reduced benefits. The annual retirement benefits of part-time division employees are equal to 2.0% of their average annual compensation for their last three years of employment multiplied by their years of credited service. The Non-Union, Teamster's, Dispatcher's, Water/Waste Water and Electrician's divisions have a benefit which calls for annual retirement benefits equal to 2.25% of average annual compensation for the last three years of employment multiplied by years of credited service, with a maximum benefit of 80% of final average compensation. Benefits for all divisions except part-time include a provision for automatic non-compounded increases for all pensioners and their beneficiaries. The annual increase equals the smaller of 1% or the increase in the consumer price index.

All defined benefit divisions are now closed to new hires. New hires are now being covered with a defined contribution retirement plan.

The defined contribution plan requires the City to contribute a minimum of four percent of the employee's qualified wages, with an additional matching contribution of up to three percent based on the employee's contribution. The employee vests in the City portion of the contributions after one year of service. For this fiscal year the City contributed \$10,086 to the plan and the employees contributed \$4,228.

**B. Actuarial Accrued Liability** - The actuarial accrued liability was determined as part of an actuarial valuation of the plan as of December 31, 2007. Significant actuarial assumptions used in determining the actuarial accrued liability include (a) a rate of return on the investment of present and future assets of 8.0%, (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation and (c) additional salary increases of 0.00% to 8.4% per year, depending on age, attributable to merit and longevity.

All entries are based on the actuarial methods and assumptions that were used in the December 31, 2007 actuarial valuation to determine the annual employer contribution amounts. The entry age normal cost method was used to determine the entries at disclosure.

CITY OF ESCANABA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

**NOTE 8 - PENSION PLANS (continued)**

GASB 25 INFORMATION (as of 12/31/07)

Actuarial Accrued Liability:	
Retirees and beneficiaries currently receiving benefits	\$ 14,711,448
Terminated employees not yet receiving benefits	784,143
Non-vested terminated employees	25,814
Current employees -	
Accumulated employee contributions including allocated investment income	173,267
Employer Financed	<u>12,628,807</u>
Total Actuarial Accrued Liability	\$ 28,323,479
Net Assets Available for Benefits at Actuarial Value	<u>19,569,915</u>
(Market Value is \$19,798,208)	
Unfunded (Overfunded) Actuarial Accrued Liability	<u>\$ 8,753,564</u>
Fiscal Year Beginning	July 1, 2009
Annual Required Contribution (ARC)	\$ 1,072,104
Amortization Factor Used - Underfunded Liabilities (28 years)	0.055889
Amortization Factor Used - Underfunded Liabilities (26 years)	0.058519
Amortization Factor Used - Underfunded Liabilities (25 years)	0.060002
Amortization Factor Used - Underfunded Liabilities (30 year level \$)	0.085453

**C. Contributions Required and Contributions Made** - The employer contribution rate has been determined based on the entry age normal cost method. Under the entry age normal cost funding method, the total employer contribution is comprised of the normal cost plus the level annual percentage of payroll required to amortize the unfunded actuarial accrued liability over 30 years. The employer normal cost is, for each employee, the level percentage of payroll contribution (from entry-age to retirement) required to accumulate sufficient assets at the member's retirement to pay for his or her projected benefit. The following table provides a schedule of contribution amounts and percentages of recent years.

<u>Year Ended</u> <u>June 30</u>	<u>Annual</u> <u>Pension</u> <u>Cost</u>	<u>Percent</u> <u>Contributed</u>
2005	\$ 650,157	100%
2006	611,749	100%
2007	644,256	100%

Notes: Total payments made by the City of Escanaba to MERS for fiscal year ended June 30, 2008 were \$792,785.

**D. Schedule of Funding Progress**

<u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>(a)</u> <u>Actuarial</u> <u>Value</u> <u>of Assets</u>	<u>(b)</u> <u>Entry Age</u> <u>Actuarial</u> <u>Accrued</u> <u>Liability</u>	<u>(b-a)</u> <u>Unfunded</u> <u>Accrued</u> <u>Liability</u> <u>(UAL)</u>	<u>(a/b)</u> <u>Funded</u> <u>Ratio</u>	<u>(c)</u> <u>Annual</u> <u>Covered</u> <u>Payroll</u>	<u>[(b-a)/c]</u> <u>UAL as a</u> <u>Percentage</u> <u>of Covered</u> <u>Payroll</u>
2003	\$16,789,939	\$21,330,198	\$ 4,540,259	79	\$ 4,405,553	103%
2004	17,612,343	23,586,755	5,974,412	75	4,417,685	135%
2005	18,228,522	26,331,412	8,102,890	69	3,991,872	203%
2006	18,681,596	26,931,887	8,250,291	69	3,861,932	214%
2007	19,569,915	28,323,479	8,753,564	69	3,886,862	225%



**CITY OF ESCANABA, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2008

**NOTE 9 - LONG-TERM DEBT**

The following is a summary of changes in long-term debt for the year ended June 30, 2008:

	<u>Balance</u> <u>06/30/07</u>	<u>Additions</u>	<u>Retire-</u> <u>ments</u>	<u>Balance</u> <u>06/30/08</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
<b>Governmental Activities:</b>					
Refunding of 1993 and 1994 Escanaba Building Authority bonds, variable interest rate from 2.0 to 4.55%, due in semi-annual installments of \$150,000 to \$270,000 through March 2024.	\$3,410,000	\$ -	\$ 150,000	\$3,260,000	\$160,000
DDA bonds, 6.13%, due in annual installments of \$40,000 commencing December 1, 2001 through December 2014.	320,000	-	40,000	280,000	40,000
Loan payable to the Michigan Strategic fund (CDBG program) for the Industrial Park Project. Principal payments of \$5,938 shall commence September 1, 2005 and every quarter thereafter until the debt is retired by May 31, 2014.	166,252	-	23,750	142,502	23,750
FICA on accrued compensated absences	44,098	419	-	44,517	12,282
Long-term portion of accrued compensated absences	<u>576,447</u>	<u>5,476</u>	<u>-</u>	<u>581,923</u>	<u>160,544</u>
Total governmental long-term debt	<u>\$4,516,797</u>	<u>\$ 5,895</u>	<u>\$ 213,750</u>	<u>\$4,308,942</u>	<u>\$396,576</u>
<b>Business-type Activities:</b>					
1993 Waste Water Utility revenue bonds, 2.0%, due in semi-annual installments of \$60,000 to \$85,000 through October 1, 2013.	\$ 550,000	\$ -	\$ 75,000	\$ 475,000	\$ 75,000
1998 Waste Water Utility revenue bonds, 2.25%, due in semi-annual installments of \$40,000 to \$65,000 through October 1, 2018	650,000	-	50,000	600,000	50,000
2002 Water Utility revenue bonds, 2.5%, due in semi-annual installments of \$110,000 to \$170,000 through October 1, 2023.	2,415,000	-	115,000	2,300,000	120,000
2008 Water Utility revenue bonds, 2.125% due in semi-annual installments of \$120,000 to \$180,000 through October 1, 2027.	<u>698,025</u>	<u>2,031,944</u>	<u>-</u>	<u>2,729,969</u>	<u>120,000</u>
Total business-type long-term debt	<u>\$4,313,025</u>	<u>\$2,031,944</u>	<u>\$ 240,000</u>	<u>\$6,104,969</u>	<u>\$365,000</u>



CITY OF ESCANABA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

**NOTE 9 - LONG-TERM DEBT (continued)**

Debt service requirements on long-term debt, excluding compensated absences and fringes, at June 30, 2008 are as follows:

**Governmental Activities:**

<u>Year Ending June 30</u>	<u>Notes Payable</u>	<u>Bonds Payable</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 23,750	\$ 200,000	\$ 146,204	\$ 369,954
2010	23,751	200,000	138,752	362,503
2011	23,750	210,000	130,900	364,650
2012	23,750	215,000	122,498	361,248
2013	23,751	220,000	113,483	357,234
2014-2018	23,750	1,105,000	436,756	1,565,506
2019-2023	-	1,240,000	204,200	1,444,200
2024-2028	-	150,000	6,825	156,825
TOTAL	<u>\$ 142,502</u>	<u>\$ 3,540,000</u>	<u>\$ 1,299,618</u>	<u>\$ 4,982,120</u>

**Business-type Activities:**

<u>Year Ending June 30</u>	<u>Bonds Payable</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 365,000	\$ 137,648	\$ 502,648
2010	365,000	130,925	495,925
2011	380,000	122,584	502,584
2012	385,000	114,016	499,016
2013	395,000	105,275	500,275
2014-2018	1,770,000	401,453	2,171,453
2019-2023	1,635,000	206,361	1,841,361
2024-2028	809,969	48,554	858,523
TOTAL	<u>\$ 6,104,969</u>	<u>\$ 1,266,816</u>	<u>\$ 7,371,785</u>

**NOTE 10 - ELECTRIC UTILITY FUND AGREEMENTS**

The Upper Peninsula Power Company had contracted with the City of Escanaba to operate and maintain the City's generating plant for a period of 30 years. This contract expired on May 31, 1988. It was anticipated at the time of the original agreement that the plant would be capable of producing electric energy in excess of the quantities required by the City. Accordingly, over the 30-year period, the Company had the right to any excess power which was generated by the plant. In return, the Company agreed to make lease payments to the city in equal monthly installments over this period. The lease payments were calculated to pay for the bonds issued for the plant construction plus the interest thereon.

On January 1, 1979 the two parties amended their original agreement for the operation and maintenance of the City's generating plant. Under this new agreement, the parties shared equally the cost of operating and maintaining the plant in relation to the net energy generated and delivered to each of the parties.

On December 12, 1986 a new agreement was reached by the two parties for the operation of the City's generating plant. This new agreement went into effect on June 1, 1988 and will remain in force until terminated by mutual

CITY OF ESCANABA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

**NOTE 10 - ELECTRIC UTILITY FUND AGREEMENTS (continued)**

agreement or by either party subject to 36 months written notice. The new agreement provides that the Company will continue to operate and maintain the plant and the City will reimburse the Company for all operating, maintenance and administrative expenses incurred plus an annual management fee initially equal to \$25,000, adjusted annually according to the Producer Price Index.

On June 4, 2008, the Upper Peninsula Power Company issued the City a written notice that they intend to terminate the current plant operating agreement, pending negotiation and mutual acceptance of an updated plant operating agreement. If terms to a new agreement cannot be mutually agreed to and in place by June 4, 2009, UPPCO will cease operating and maintaining the plant in 2011.

**NOTE 11 - INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivables and payables occurred during the year for operational purposes. Interfund receivables and payables at June 30, 2008 are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
		Grants Fund	\$ 68,368
		Sanitary Landfill	10,543
		Delta County Central Dispatch	59,237
		Parking Maintenance	<u>20,055</u>
General Fund	<u>\$ 158,203</u>	Subtotal	<u>158,203</u>
Land Development	<u>9,402</u>	Grants Fund	<u>9,402</u>
Delta County Central Dispatch	<u>3,265</u>	Health Insurance	<u>3,265</u>
Total	<u>\$ 170,870</u>	Total	<u>\$ 170,870</u>

**NOTE 12 - ADVANCES TO OTHER FUNDS**

Land Development Fund - The advances to other funds consist of a loan to the Marina Fund for \$350,000 made during the fiscal year ended June 30, 2001. This advance was used to finance certain capital improvements to the City's marina. The loan is to be paid back over a 25 year period with interest at 5 percent. The balance as of June 30, 2008 is \$306,200.

General Fund - The advance to other funds consists of a loan to the Motor Vehicle Fund for \$452,825 made during the June 30, 2008 fiscal year. The advance was used to purchase refuse and recycling carts for the new automated refuse collection system. The loan is to be paid back over an 11 year period with interest at 5.5 percent. The balance as of June 30, 2008 is \$452,825.

CITY OF ESCANABA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

**NOTE 13 - NET ASSET AND FUND BALANCE RESERVES AND RESTRICTIONS**

Fund balance reserves as reported on the Governmental Funds balance sheet are as follows:

**A. Reserves for Inventory** - The General Fund has \$57,405, reserved for inventory, as they do not represent expendable available financial resources.

**B. Reserved for Prepaid Expenditures** - The General Fund and the Downtown Development Authority have \$21 and \$18,264, respectively, reserved for prepaid expenditures, as they do not represent expendable available financial resources.

**C. Reserve for Gas Retirement Principal and Reserve for Capital Improvements** - By a voter referendum on November 2, 1965, the City is prohibited from expending any of the original principal, \$1,094,634, resulting from the sale of the City's gas utility in June, 1965. In addition, the interest earned from the investment of the principal can be spent only for capital improvements. At June 30, 2008, the amount available for expenditure is \$7,506.

**D. Reserve for Special Capital Improvement Project** - The Land Development Fund has \$5,299 reserved for future capital improvement projects.

**E. Reserve for Long-term Notes Receivable** - The E.D.A. Revolving Loan, M.S.C. Revolving Loan Fund II, and Urban Development Action Grant Funds have \$775,219, \$582,804 and \$839,190, respectively, of the fund balance reserved for the non-current portion of loans receivable which do not represent expendable available financial resources.

**F. Reserve for Revolving Loans** - Under terms of grant agreements with the United States Department of Commerce and the Michigan Department of Commerce, proceeds of funds granted to the City and loaned to local businesses must be reserved and used exclusively for additional, future loans to local businesses. Of these funds, \$310,717 is accounted for in the M.S.C. Revolving Loan Fund II, and \$1,041,383 is accounted for in the E.D.A. Revolving Loan Fund.

**G. Reserve for UPSET Expenses** - The Drug Law Enforcement Fund has \$112,952 reserved for expenses authorized by UPSET. These funds can only be used for UPSET activities and cannot be used for City activities.

**H. Reserve for Land Held for Resale** - The Land Development Fund has \$8,200 reserved for land held for resale which does not represent expendable available financial resources.

**I. Reserve for Future DDA Projects** - The Downtown Development Authority Fund has \$340,699 reserved for future projects as listed in the TIF Development Plan.

CITY OF ESCANABA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

**NOTE 13 - NET ASSET AND FUND BALANCE RESERVES AND RESTRICTIONS (continued)**

Net asset restrictions as reported on the Proprietary Fund statement of net assets are as follows:

**A. Restriction for Debt Service** - In accordance with revenue bond indentures in the Water Utility Fund and the Waste Water Utility Fund, \$125,343 and \$234,470, respectively, of retained earnings are reserved for this specific purpose.

Net asset restrictions as reported on the Statement of Fiduciary Net Assets are as follows.

**A. Reserve for Bonifas Trust Fund** - Under terms of a Circuit Court decree dated March 3, 1955, the City of Escanaba was authorized to act as trustee in the administration of a bequest under the Last Will and Testament of Catherine Bonifas. The Will requested the bequest be used or applied one-third for a state office building, one-third for a city and county building, and one-third for a recreation building.

The fund balance at June 30, 2008, from receipt of the original donation, is computed below:

Original donation	\$	311,789	
Interest earned on original donation		130,120	
General Fund contribution - land		20,565	
Community Action Agency Grant		20,307	
Earnings retained		<u>327,323</u>	\$ 810,104
Deduct:			
Delta County Building Authority payment authorized by Circuit Court decree		50,000	
Contribution to State of Michigan		145,784	
Transfer to City General Fund authorized by Circuit Court decree		279,395	
Capital improvements made to William Bonifas Fine Arts Center authorized by Circuit Court decree		6,500	
Capital improvements made to Catherine Bonifas Civic Center authorized by Circuit Court decree		<u>198,785</u>	<u>680,464</u>
			<u>\$ 129,640</u>

**B. Reserve for Children's Materials** - The Bezold Trust Fund has \$276,142 for the purpose of children's materials in accordance with a donor's instructions.

**C. Reserve for Employees Retirement System** - The Public Safety Pension Fund has \$18,239,363 reserved for that retirement system.



CITY OF ESCANABA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

**NOTE 14 - JOINT VENTURE - DELTA SOLID WASTE LANDFILL**

The Delta Solid Waste Management Authority was incorporated in 1984, pursuant to Act 233, Public Acts of Michigan, 1955, by the County of Delta and the local units of government within the County, including the City of Escanaba. It was established in order to provide for a new landfill, as the former county-wide site, owned by the City of Gladstone, was approaching saturation.

The Authority is governed by a seven person Board of Directors, composed of three representatives of the participating townships, three representatives of the participating cities, and one member of the Delta County Board of Commissioners. The three members of the Authority board from the villages and townships are selected by and from a body composed of one representative from each township or village; the three board members from the cities are selected by and from a body composed of two representatives from each city; and the member of the Delta County Board of Commissioners is chosen by said Board of Commissioners after review of recommendation by the Townships, Villages and City representatives. The Authority as described herein has no taxing power.

Operation and maintenance costs are paid out of tipping fees assessed against those who dump garbage at the landfill. Parties that use the landfill include the municipal sanitation systems of the cities of Escanaba and Gladstone and private garbage haulers serving the other local units. The landfill began operation in December, 1985. Audited financial information of the Delta Solid Waste Management Authority as of and for the year ended December 31, 2007 is as follows:

Total assets	<u>\$ 7,255,113</u>
Total current liabilities	\$ 338,980
Total long-term liabilities	7,370,067
Total net assets	<u>(453,934)</u>
Total liabilities and equity	<u>\$ 7,255,113</u>
Operating revenues	\$ 1,685,651
Operating expenses	<u>(2,590,626)</u>
Net operating income (loss)	(904,975)
Non-operating revenues (expense), net	<u>48,019</u>
Decrease in net assets	<u>\$ (856,956)</u>



CITY OF ESCANABA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

**NOTE 15 - OPERATING TRANSFERS IN AND OUT**

During the year various transfers occurred between funds for operating activity purposes. Transfers between all funds are summarized as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
General Fund	\$ 708,103	\$ 454,750
Local Street Fund	172,000	-
Parking Maintenance Fund	20,750	-
Library Fund	312,000	-
Gas Retirement Fund	-	50,000
Grants Fund	57,598	-
Land Development Fund	-	117,598
Sanitary Landfill Fund	-	184,479
Proprietary Funds:		
Electric Fund	-	463,624
Total	<u>\$1,270,451</u>	<u>\$1,270,451</u>

**NOTE 16 - CONTINGENT LIABILITIES**

The City has received significant financial assistance from state and federal agencies in the form of various grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreement and is subject to audit by the grantor agency. Any disallowed claims resulting from such audits could become a liability of the applicable fund of the City. As of the date of this report management was unaware of any disallowed claims.

**NOTE 17 - RISK MANAGEMENT**

The City maintains self insurance programs for worker's compensation, unemployment compensation, health and dental insurance that are reported as Internal Service Funds. All fund types are charged premiums at rates determined using established insurance rates and other factors which, in management's opinion, warrant consideration. For the fiscal year ended June 30, 1986, the assets of the Worker's Compensation Fund and earnings thereon, were considered sufficient to cover expected future claims and, thus, all charges to individual funds were discontinued. The City has in the past purchased an excess worker's compensation policy which covers excess losses greater than \$250,000 up to a limit of \$2,000,000 per occurrence, but as of July 1, 1987, permission was received from the Michigan Department of Labor to drop this excess coverage for workers compensation. Accordingly, the City no longer carries any excess insurance. Unpaid claims liability is calculated using mortality and present value tables applied to the existing or potential benefits stream.

CITY OF ESCANABA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

**NOTE 17 - RISK MANAGEMENT (continued)**

A summary of the claims activity is as follows:

	Balance 6/30/07	Current Year Claims	Claim Payments	Balance 6/30/08
Workers' Compensation	\$ 250,000	\$ 85,737	\$ 85,737	\$ 250,000
Unemployment Compensation	3,590	16,806	15,330	5,066
Health and Dental Insurance	158,332	1,081,616	1,142,388	97,560
	<u>\$ 411,922</u>	<u>\$ 1,184,159</u>	<u>\$1,243,455</u>	<u>\$ 352,626</u>

The City of Escanaba participates as a member in the Michigan Municipal Risk Management Authority. The Authority is a municipal self-insurance entity operating pursuant to the State of Michigan Public Act 138 of 1982. The purpose of the Authority is to administer a risk management fund, which provides members with loss protection for general and auto liability, motor vehicle physical damage, and property.

The Authority has entered into reinsurance agreements providing for loss coverage in excess of the amounts to be retained by the Authority and individual members. An individual member's maximum retention on general liability and auto liability is \$115,000. The retention limits for property coverage are subject to a \$1,000 deductible with 10 percent of the first \$100,000 to be paid by the member. Some members have individual retention levels different than the ones previously stated.

In the event a reinsurance company does not meet its obligation to the Authority, responsibility for payment of any unreimbursed claims will be that of the Authority Reinsurance Fund.

The Authority has retained certain levels of risk rather than obtaining coverage through reinsurance agreements. The Authority established the Authority Reinsurance fund in order to participate in the reinsurance agreements. Individual members are provided the same level of coverage previously afforded through a combination of the reinsurance agreements and the Reinsurance Fund.

In addition, the Authority purchases insurance for certain risks not covered by the reinsurance agreements.

The reinsurance agreements discussed above include provisions for minimum annual premiums. As of June 30, 2008, the Authority had met the minimum requirements.

At June 30, 2008, the City had no outstanding claims which exceeded the plan's limits and there has been no significant reduction in insurance coverage over the past three years.

**NOTE 18 - UNREALIZED GAINS & LOSSES ON INVESTMENTS**

Under the requirements of Governmental Accounting Standards Board Statement 31, the City records it's investments at market value. As a result of market fluctuations an unrealized gain of \$103,239 has been recorded during the current fiscal year

CITY OF ESCANABA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

**NOTE 19 - RECLASSIFICATION**

Certain reclassifications have been made in the 2007 comparative totals to conform to the classifications used in 2008. Any reclassifications made were not material to the financial statements.

**NOTE 20 - FEDERAL GRANTS**

The Michigan Department of Transportation (MDOT) requires that local units report all Federal and State grants pertaining to their area. During the fiscal year ended June 30, 2008 the Federal Grants received and expended by the City was \$543,339 for contracted projects. Contracted projects are defined as projects performed by private contractors paid for and administered by MDOT. The contracted Federal projects are not subject to single audit requirements by the local units, as they are included in MDOT's single audit.

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF ESCANABA, MICHIGAN

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2008

	<u>Budget</u>			Variance- with final budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES:				
Taxes:				
Current property taxes	\$ 4,269,875	\$ 4,269,875	\$ 4,272,228	\$ 2,353
Collection on prior levies	15,000	15,000	15,775	775
Payments in lieu of taxes:				
Harbor Tower	5,800	5,800	6,595	795
DNR	-	-	159	159
West Highland	11,250	11,250	12,019	769
Chippewa Indians	925	925	963	38
Meadow Brook	2,000	2,000	1,864	(136)
Willow Grove	500	500	2,612	2,112
Bridgewood	300	300	300	-
Penalties and interest	15,000	15,000	17,263	2,263
Total taxes	<u>4,320,650</u>	<u>4,320,650</u>	<u>4,329,778</u>	<u>9,128</u>
Licenses and permits:				
Business licenses and permits	1,500	1,500	1,700	200
Zoning appeals fees	4,000	4,000	25	(3,975)
Total licenses and permits	<u>5,500</u>	<u>5,500</u>	<u>1,725</u>	<u>(3,775)</u>
Local sources:				
Downtown patrol	12,500	12,500	7,240	(5,260)
Chippewa Tribe gaming revenue	10,000	10,000	10,000	-
Total local sources	<u>22,500</u>	<u>22,500</u>	<u>17,240</u>	<u>(5,260)</u>
State grants:				
Anti-drug abuse	12,500	12,500	9,350	(3,150)
State shared revenues	1,526,200	1,526,200	1,470,795	(55,405)
Supplemental Bad Driver	-	-	48,423	48,423
Criminal justice	8,000	8,000	7,699	(301)
FEMA match funds	17,000	17,000	17,000	-
Click it or Ticket	-	-	6,936	6,936
Total state grants	<u>1,563,700</u>	<u>1,563,700</u>	<u>1,560,203</u>	<u>(3,497)</u>
Federal sources:				
Anti-drug abuse	46,500	46,500	49,905	3,405
Bulletproof vest program	475	475	-	(475)
Project Safe Neighborhood Grant	-	-	30,616	30,616
FEMA grant	18,000	18,000	22,948	4,948
Total federal sources	<u>64,975</u>	<u>64,975</u>	<u>103,469</u>	<u>38,494</u>
Charges for services:				
Preliminary breath tests	-	-	1,955	1,955
Land use fees	-	-	5,902	5,902
Sex offender fees	-	-	60	60
Platting fees	500	500	60	(440)
Engineering Dept.	-	-	300	300
Computer printouts	150	150	55	(95)
Composting	-	-	764	764
Cost recovery ordinances	750	750	550	(200)
Duplicating and photostat fees	2,000	2,000	2,113	113
Tax collection fees	50,000	50,000	57,962	7,962
Township fire protection	72,500	72,500	84,951	12,451
Street Department for overhead	15,000	15,000	13,076	(1,924)



CITY OF ESCANABA, MICHIGAN

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2008

	<u>Budget</u>			Variance- with final budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Recreation program	\$ 7,150	\$ 7,150	\$ 6,364	\$ (786)
Farmers market	325	325	110	(215)
Wireless E-911 revenue	-	-	256	256
Boat launches	21,000	21,000	16,832	(4,168)
Delta solid waste	6,500	6,500	5,626	(874)
Property owners share of sidewalk construction	27,400	27,400	33,731	6,331
Inspection fees	3,000	3,000	7,087	4,087
Training fees	-	-	252	252
Total charges for services	<u>206,275</u>	<u>206,275</u>	<u>238,006</u>	<u>31,731</u>
Fines and forfeitures:				
Penalties and interest	1,500	1,500	327	(1,173)
Nonmoving violations and district court	10,000	10,000	6,409	(3,591)
Penal fines, county allocation	<u>17,000</u>	<u>17,000</u>	<u>30,306</u>	<u>13,306</u>
Total fines and forfeitures	<u>28,500</u>	<u>28,500</u>	<u>37,042</u>	<u>8,542</u>
Miscellaneous:				
Vending machine sales	750	750	951	201
Wage reimbursement	-	-	2,954	2,954
Interest earnings	250,000	250,000	266,413	16,413
Rents	50,900	50,900	51,876	976
Jackie Sorenson aerobics fees	-	-	5,481	5,481
Sale of property	-	-	529	529
Purchase discounts	1,500	1,500	1,530	30
MMRMA Rap Grant	-	-	4,759	4,759
Other	750	750	8,076	7,326
Contributions	<u>10,000</u>	<u>10,000</u>	<u>21,066</u>	<u>11,066</u>
Total miscellaneous	<u>313,900</u>	<u>313,900</u>	<u>363,635</u>	<u>49,735</u>
TOTAL REVENUES	<u>6,526,000</u>	<u>6,526,000</u>	<u>6,651,098</u>	<u>125,098</u>
EXPENDITURES:				
General government:				
City Council:				
Salaries and wages	13,000	13,000	14,215	(1,215)
Fringe benefits	1,081	1,081	1,009	72
Office supplies	500	500	67	433
Operating supplies	400	400	433	(33)
Communications	75	75	194	(119)
Transportation	1,500	1,500	221	1,279
Printing and publishing	100	100	171	(71)
Insurance and bonds	600	600	540	60
Public relations	200	200	-	200
Memberships and dues	6,161	6,161	5,465	696
Meetings	400	400	120	280
Equipment rental	400	400	36	364
Books, magazines and periodicals	-	-	81	(81)
Miscellaneous	-	-	203	(203)
Total city council	<u>24,417</u>	<u>24,417</u>	<u>22,755</u>	<u>1,662</u>
City manager:				
Salaries and wages	116,537	124,537	123,573	964
Fringe benefits	54,827	106,827	103,915	2,912

CITY OF ESCANABA, MICHIGAN

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2008

	<u>Budget</u>			Variance- with final budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Professional services	\$ -	\$ -	\$ 30	\$ (30)
Office supplies	3,200	3,200	3,788	(588)
Communications	1,910	1,910	1,540	370
Transportation	1,700	1,700	736	964
Printing and publishing	650	650	1,141	(491)
Memberships and dues	250	250	35	215
Meetings	300	300	25	275
Equipment repair	200	200	99	101
Equipment rental	5,200	5,200	5,160	40
Books, magazines and periodicals	500	500	252	248
	<u>185,274</u>	<u>245,274</u>	<u>240,294</u>	<u>4,980</u>
Less amount applicable to utilities	<u>(129,692)</u>	<u>(170,383)</u>	<u>(168,205)</u>	<u>(2,178)</u>
Total city manager	<u>55,582</u>	<u>74,891</u>	<u>72,089</u>	<u>2,802</u>
City elections:				
Salaries and wages	1,186	1,186	455	731
Fringe benefits	451	451	220	231
Professional services	6,000	6,000	5,008	992
Office supplies	3,200	3,600	5,604	(2,004)
Transportation	200	200	152	48
Printing and publishing	1,100	1,100	1,153	(53)
Meetings	-	-	894	(894)
Equipment repair	2,300	2,300	1,359	941
Equipment rental	2,500	2,500	2,712	(212)
Telephone	100	100	15	85
Total city elections	<u>17,037</u>	<u>17,437</u>	<u>17,572</u>	<u>(135)</u>
City controller:				
Salaries and wages	148,988	148,988	148,977	11
Fringe benefits	81,110	83,610	83,662	(52)
Professional services	250	250	-	250
Office supplies	6,050	6,050	5,674	376
Communications	1,050	1,050	993	57
Insurance and bonds	550	550	540	10
Memberships and dues	175	175	180	(5)
Equipment repair	950	950	824	126
Equipment rental	1,900	1,900	1,884	16
Books, magazines and periodicals	100	100	-	100
	<u>241,123</u>	<u>243,623</u>	<u>242,734</u>	<u>889</u>
Less amount applicable to utilities	<u>(144,674)</u>	<u>(146,010)</u>	<u>(145,640)</u>	<u>(370)</u>
Total city controller	<u>96,449</u>	<u>97,613</u>	<u>97,094</u>	<u>519</u>
City assessor:				
Salaries and wages	104,505	104,505	102,810	1,695
Fringe benefits	53,985	54,985	54,195	790
Office supplies	11,830	11,830	11,391	439
Communications	600	600	596	4
Transportation	150	150	-	150
Printing and publishing	500	500	346	154
Memberships and dues	425	425	440	(15)
Meetings	120	120	315	(195)
Equipment repair	2,250	2,250	2,468	(218)

## CITY OF ESCANABA, MICHIGAN

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2008

	Budget		Actual	Variance- with final budget Favorable (Unfavorable)
	Original	Final		
Equipment rental	\$ 2,300	\$ 2,300	\$ 1,915	\$ 385
Books, magazines and periodicals	415	415	397	18
Total city assessor	177,080	178,080	174,873	3,207
City attorney:				
Professional services	50,000	52,500	49,000	3,500
Office supplies	500	500	-	500
Equipment rental	500	500	250	250
Books, magazines and periodicals	1,000	2,500	2,298	202
	52,000	56,000	51,548	4,452
Less amount applicable to utilities	(26,000)	(27,250)	(25,774)	(1,476)
Total city attorney	26,000	28,750	25,774	2,976
Human resources:				
Salaries and wages	54,966	54,966	54,252	714
Fringe benefits	32,165	32,165	32,372	(207)
Professional services	10,000	10,000	3,140	6,860
Office supplies	2,200	2,200	1,086	1,114
Communications	200	200	194	6
Transportation	250	250	-	250
Printing and publishing	2,000	2,000	2,837	(837)
Memberships and dues	150	150	160	(10)
Meetings	500	500	1,279	(779)
Equipment rental	700	700	648	52
Books, magazines and periodicals	150	150	366	(216)
	103,281	103,281	96,334	6,947
Less amount applicable to utilities	(36,148)	(34,064)	(33,716)	(348)
Total human resources	67,133	69,217	62,618	6,599
Board of review:				
Professional services	1,700	1,700	2,040	(340)
Office supplies	50	50	38	12
Transportation	100	450	145	305
Printing and publishing	400	400	144	256
Total board of review	2,250	2,600	2,367	233
Treasurer:				
Salaries and wages	113,364	113,364	109,115	4,249
Fringe benefits	63,572	63,572	64,298	(726)
Professional services	500	500	67	433
Office supplies	1,800	1,800	2,439	(639)
Communications	1,200	1,200	875	325
Transportation	700	700	-	700
Printing and publishing	1,000	1,000	1,015	(15)
Insurance and bonds	800	800	753	47
Memberships and dues	40	40	85	(45)
Meetings	200	200	-	200
Equipment repair	2,300	2,300	2,178	122
Equipment rental	3,000	3,000	3,020	(20)

CITY OF ESCANABA, MICHIGAN

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2008

	<u>Budget</u>			Variance- with final budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Books, magazines and periodicals	\$ 275	\$ 275	\$ 249	\$ 26
New equipment	<u>-</u>	<u>-</u>	<u>167</u>	<u>(167)</u>
	188,751	188,751	184,261	4,490
Less amount applicable to utilities	<u>(169,876)</u>	<u>(167,265)</u>	<u>(165,834)</u>	<u>(1,431)</u>
Total treasurer	<u>18,875</u>	<u>21,486</u>	<u>18,427</u>	<u>3,059</u>
City clerk:				
Salaries and wages	85,288	85,288	70,667	14,621
Fringe benefits	53,054	53,054	40,552	12,502
Professional services	10,000	10,000	9,325	675
Office supplies	4,100	4,100	4,224	(124)
Communications	1,200	1,200	1,349	(149)
Transportation	1,200	1,200	578	622
Printing and publishing	4,150	4,150	5,640	(1,490)
Memberships and dues	300	300	290	10
Meetings	300	300	494	(194)
Equipment repair	500	500	480	20
Equipment rental	1,800	1,800	1,490	310
Books, magazines and periodicals	780	780	483	297
New equipment	<u>2,000</u>	<u>2,000</u>	<u>799</u>	<u>1,201</u>
Total city clerk	<u>164,672</u>	<u>164,672</u>	<u>136,371</u>	<u>28,301</u>
Billing department:				
Salaries and wages	127,224	132,224	128,749	3,475
Fringe benefits	76,871	78,871	77,931	940
Clothing	300	300	-	300
Professional services	300	300	371	(71)
Office supplies	22,300	22,300	23,035	(735)
Communications	1,100	1,100	1,236	(136)
Transportation	200	200	13	187
Printing and publishing	3,300	3,300	3,108	192
Meetings	200	200	-	200
Equipment repair	7,000	7,000	6,788	212
Equipment rental	13,500	13,500	15,230	(1,730)
New equipment	<u>1,200</u>	<u>1,200</u>	<u>-</u>	<u>1,200</u>
	253,495	260,495	256,461	4,034
Less amount applicable to utilities	<u>(228,146)</u>	<u>(233,010)</u>	<u>(230,816)</u>	<u>(2,194)</u>
Total billing department	<u>25,349</u>	<u>27,485</u>	<u>25,645</u>	<u>1,840</u>
Independent auditing:				
Professional services	16,750	16,750	16,750	-
Less amount applicable to utilities	<u>(8,375)</u>	<u>(8,375)</u>	<u>(8,375)</u>	<u>-</u>
Total independent auditing	<u>8,375</u>	<u>8,375</u>	<u>8,375</u>	<u>-</u>
Farmers market:				
Public utilities	<u>300</u>	<u>300</u>	<u>217</u>	<u>83</u>
Public Works - City Hall/Library:				
Building rental	95,760	95,760	95,760	-

CITY OF ESCANABA, MICHIGAN

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2008

	<u>Budget</u>			Variance- with final budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Building lease	\$ 286,842	\$ 286,842	\$ 286,843	\$ (1)
	382,602	382,602	382,603	(1)
Less amount applicable to utilities	(50,000)	(50,000)	(50,000)	-
Total public works - city hall/library	<u>332,602</u>	<u>332,602</u>	<u>332,603</u>	<u>(1)</u>
Civic center:				
Salaries and wages	40,452	40,452	35,435	5,017
Fringe benefits	17,119	17,119	14,279	2,840
Office supplies	700	700	508	192
Building supplies	4,000	4,000	3,121	879
Communications	1,300	1,300	978	322
Printing and publishing	100	100	-	100
Insurance and bonds	3,500	3,500	3,385	115
Public utilities	40,500	40,500	28,246	12,254
Building maintenance	4,050	4,050	6,013	(1,963)
Equipment repair	1,000	1,000	550	450
Equipment rental	2,000	2,000	810	1,190
New equipment	500	500	60	440
Building improvements	-	-	14,943	(14,943)
Total civic center	<u>115,221</u>	<u>115,221</u>	<u>108,328</u>	<u>6,893</u>
Tourism promotion:				
Public relations	10,700	10,700	102	10,598
Printing and publishing	2,500	2,500	2,500	-
Insurance and bonds	300	300	297	3
Waterfront Art show	-	-	1,972	(1,972)
Balloons on the Bay	-	-	26	(26)
Logging Congress	-	-	1,886	(1,886)
Car show	-	-	738	(738)
PWT Fishing Tournament	-	-	2,303	(2,303)
FLW Everstart Bass Tournament	-	-	1,899	(1,899)
Total tourism promotion	<u>13,500</u>	<u>13,500</u>	<u>11,723</u>	<u>1,777</u>
Boat launches:				
Salaries and wages	4,010	4,010	2,156	1,854
Fringe benefits	307	307	318	(11)
Professional services	-	-	689	(689)
Operating supplies	800	800	148	652
Printing and publishing	2,000	2,000	855	1,145
Insurance and bonds	200	200	45	155
Public utilities	5,000	5,000	2,711	2,289
Equipment rental	3,000	3,000	2,327	673
Telephone	400	400	-	400
Repairs to structures	1,000	1,000	154	846
Repairs to equipment	750	750	-	750
Total boat launches	<u>17,467</u>	<u>17,467</u>	<u>9,403</u>	<u>8,064</u>
Promotional:				
Community promotion	17,850	17,850	10,402	7,448



## CITY OF ESCANABA, MICHIGAN

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2008

	Budget		Actual	Variance- with final budget Favorable (Unfavorable)
	Original	Final		
Celebration flags Fourth of July	\$ 2,255 16,411	\$ 2,255 16,411	\$ 676 15,426	\$ 1,579 985
Total promotional	36,516	36,516	26,504	10,012
Total general government	1,198,825	1,230,629	1,152,738	77,891
Public safety:				
Public Safety Department:				
Salaries and wages	2,105,442	2,105,442	1,982,593	122,849
Fringe benefits	974,703	974,703	962,946	11,757
Clothing	12,000	12,000	5,717	6,283
Uniform maintenance	1,600	1,600	1,268	332
Professional services	1,800	1,800	-	1,800
Office supplies	25,540	25,540	21,500	4,040
Building supplies	2,300	2,300	3,282	(982)
Communications	9,500	9,500	6,938	2,562
Public relations	300	300	1,567	(1,267)
Transportation	4,000	4,000	1,645	2,355
Printing and publishing	1,500	1,500	2,248	(748)
Insurance and bonds	25,500	25,500	23,248	2,252
Public utilities	48,500	48,500	33,862	14,638
Building maintenance	2,000	2,000	4,281	(2,281)
Memberships and dues	410	410	426	(16)
Meetings	5,500	5,500	6,666	(1,166)
Equipment repair	16,625	16,625	17,404	(779)
Equipment rental	173,930	173,930	164,100	9,830
Hydrant rental	66,160	66,160	66,160	-
Books, magazines and periodicals	1,400	1,400	287	1,113
New equipment	29,900	29,900	17,991	11,909
Building improvements	21,200	21,200	28,466	(7,266)
Computer forensic lab	-	-	2,576	(2,576)
Total public safety department	3,529,810	3,529,810	3,355,171	174,639
Community preservation:				
Salaries and wages	40,058	40,058	36,218	3,840
Fringe benefits	23,222	23,222	11,962	11,260
Office supplies	5,200	5,200	4,211	989
Communications	1,200	1,200	607	593
Transportation	1,000	1,000	263	737
Printing and publishing	800	800	532	268
Memberships and dues	345	345	210	135
Meetings	1,000	1,000	344	656
Equipment repair	300	300	105	195
Equipment rental	4,500	4,500	4,222	278
Books, magazines and periodicals	400	400	-	400
Total community preservation	78,025	78,025	58,674	19,351
Anti-drug abuse grant:				
Salaries and wages	58,883	58,883	63,261	(4,378)
Fringe benefits	27,742	27,742	29,565	(1,823)
Clothing	100	100	-	100
Office supplies	200	200	-	200
Transportation	1,500	1,500	1,977	(477)
Insurance and bonds	-	-	(21)	21
Telephone	100	100	34	66
Professional services	12,500	12,500	12,164	336
Total anti-drug abuse grant	101,025	101,025	106,980	(5,955)

CITY OF ESCANABA, MICHIGAN

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2008

	<u>Budget</u>			Variance- with final budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Public safety training:				
Office supplies	\$ 1,000	\$ 1,000	\$ 910	\$ 90
Transportation	1,500	1,500	1,892	(392)
Meetings	4,500	4,500	1,045	3,455
Total public safety training	<u>7,000</u>	<u>7,000</u>	<u>3,847</u>	<u>3,153</u>
Dispatchers:				
Education and training	-	-	7,675	(7,675)
Project Safe Neighborhood:				
Salaries and wages	-	-	18,111	(18,111)
Fringe benefits	-	-	9,772	(9,772)
Transportation	-	-	2,732	(2,732)
Total project safe neighborhood	<u>-</u>	<u>-</u>	<u>30,615</u>	<u>(30,615)</u>
Total public safety	<u>3,715,860</u>	<u>3,715,860</u>	<u>3,562,962</u>	<u>152,898</u>
Highways, streets and public works:				
City engineer:				
Salaries and wages	137,094	137,094	135,159	1,935
Fringe benefits	65,601	65,601	67,234	(1,633)
Professional services	1,000	1,000	4	996
Office supplies	2,750	2,750	1,355	1,395
Communications	1,500	1,500	971	529
Transportation	700	700	(122)	822
Insurance and bonds	200	200	162	38
Memberships and dues	100	100	-	100
Meetings	500	500	75	425
Equipment repair	600	600	681	(81)
Equipment rental	11,400	11,400	12,376	(976)
Books, magazines and periodicals	-	-	8	(8)
New equipment	3,200	3,200	606	2,594
Total city engineer	<u>224,645</u>	<u>224,645</u>	<u>218,509</u>	<u>6,136</u>
Care of trees and shrubs:				
Salaries and wages	37,074	37,074	25,085	11,989
Fringe benefits	18,076	18,076	12,580	5,496
Professional services	2,000	2,000	1,794	206
Office supplies	3,000	3,000	2,281	719
Equipment repair	2,000	2,000	1,723	277
Equipment rental	17,500	17,500	13,934	3,566
New equipment	800	800	-	800
Total care of trees and shrubs	<u>80,450</u>	<u>80,450</u>	<u>57,397</u>	<u>23,053</u>
Planning commission:				
Professional services	2,000	2,000	-	2,000
Office supplies	400	400	39	361
Transportation	300	300	78	222
Printing and publishing	1,300	1,300	1,551	(251)
Meetings	500	500	-	500
Books, magazines and periodicals	300	300	336	(36)
Total planning commission	<u>4,800</u>	<u>4,800</u>	<u>2,004</u>	<u>2,796</u>
Street lighting	<u>160,750</u>	<u>160,750</u>	<u>154,924</u>	<u>5,826</u>
Crosswalks	<u>25,000</u>	<u>25,000</u>	<u>22,945</u>	<u>2,055</u>

## CITY OF ESCANABA, MICHIGAN

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2008

	Budget			Variance- with final budget Favorable (Unfavorable)
	Original	Final	Actual	
Sidewalks:				
Salaries and wages	\$ -	\$ -	\$ 62	\$ (62)
Fringe benefits	-	-	7	(7)
Professional services	125,000	125,000	107,936	17,064
Insurance and bonds	2,000	2,000	1,460	540
Overhead on salaries and wages	-	-	17	(17)
Total sidewalks	127,000	127,000	109,482	17,518
Alleys	29,679	29,679	28,643	1,036
Crossing guards	33,100	33,100	31,725	1,375
Total highways, streets and public works	685,424	685,424	625,629	59,795
Sanitation:				
Sanitary landfill:				
Professional services	215,000	215,000	190,564	24,436
Landfill road cleanup:				
Salaries and wages	1,995	1,995	-	1,995
Fringe benefits	973	973	-	973
Equipment rental	1,000	1,000	-	1,000
Total landfill road cleanup	3,968	3,968	-	3,968
Composting activities:				
Salaries and wages	10,015	11,515	11,992	(477)
Fringe benefits	4,765	5,765	4,551	1,214
Office supplies	-	-	227	(227)
Printing and publishing	600	600	666	(66)
Public utilities	600	600	455	145
Equipment rental	17,000	19,500	19,484	16
Total composting activities	32,980	37,980	37,375	605
Snow plowing:				
Salaries and wages	3,625	11,625	11,040	585
Fringe benefits	1,767	5,767	5,112	655
Equipment rental	5,000	18,000	17,697	303
Total snow plowing	10,392	35,392	33,849	1,543
Solid waste collection:				
Salaries and wages	130,917	180,917	175,616	5,301
Fringe benefits	70,533	70,533	70,944	(411)
Clothing	150	150	-	150
Office supplies	500	500	983	(483)
Operating supplies	-	-	52	(52)
Printing and publishing	-	-	2,273	(2,273)
Insurance and bonds	600	600	540	60
Equipment repair	-	-	722	(722)
Equipment rental	175,000	175,000	170,170	4,830
Total solid waste collection	377,700	427,700	421,300	6,400
Total sanitation	640,040	720,040	683,088	36,952

## CITY OF ESCANABA, MICHIGAN

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2008

	<u>Budget</u>		<u>Actual</u>	Variance- with final budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
Community services:				
Professional services	\$ 15.000	\$ 15.000	\$ 12.000	\$ 3.000
Building rental	9.148	9.148	9.148	-
Total community services	24.148	24.148	21.148	3.000
Recreation:				
Band:				
Uniform maintenance	400	400	90	310
Professional services	32.000	32.000	31.702	298
Office supplies	375	375	216	159
Transportation	500	500	480	20
Public utilities	450	450	113	337
Building maintenance	200	200	-	200
Memberships and dues	-	-	581	(581)
Equipment repair	200	200	-	200
Equipment rental	500	500	-	500
Building improvements	6.200	10.000	8.830	1.170
Total band	40.825	44.625	42.012	2.613
Parks:				
Salaries and wages	67.898	67.898	59.892	8.006
Fringe benefits	33.107	33.107	19.977	13.130
Professional services	600	600	-	600
Office supplies	4.000	4.000	19	3.981
Building supplies	1.000	1.000	5.287	(4.287)
Insurance and bonds	1.100	1.100	839	261
Public utilities	9.000	9.000	9.097	(97)
Building maintenance	2.400	2.400	5.531	(3.131)
Veteran's memorial	-	-	7.206	(7.206)
Equipment repair	1.000	1.000	1.148	(148)
Equipment rental	52.600	52.600	59.047	(6.447)
New equipment	600	600	674	(74)
Building improvements	8.400	8.400	3.928	4.472
Telephone	-	-	550	(550)
Total parks	181.705	181.705	173.195	8.510
Recreation department - administration:				
Salaries and wages	76.961	76.961	76.936	25
Fringe benefits	31.244	31.244	31.879	(635)
Office supplies	3.300	3.300	3.495	(195)
Communications	1.400	1.400	1.553	(153)
Transportation	400	400	-	400
Printing and publishing	100	100	171	(71)
Equipment repair	100	100	65	35
Equipment rental	4.300	4.300	4.269	31
Total recreation department - administration	117.805	117.805	118.368	(563)
Summer sports:				
Salaries and wages	46.736	46.736	36.256	10.480
Fringe benefits	18.136	18.136	12.601	5.535
Clothing	250	250	-	250

## CITY OF ESCANABA, MICHIGAN

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2008

	Budget		Actual	Variance- with final budget Favorable (Unfavorable)
	Original	Final		
Office supplies	\$ 5,000	\$ 5,000	\$ 4,298	\$ 702
Building supplies	100	100	55	45
Communications	300	300	-	300
Slam-Fest volleyball	500	500	34	466
Printing and publishing	500	500	85	415
Education and training	100	100	30	70
Insurance and bonds	150	150	135	15
Public utilities	8,000	8,000	6,111	1,889
Building maintenance	5,000	5,000	1,492	3,508
Equipment repair	750	750	1,065	(315)
Equipment rental	29,500	29,500	36,811	(7,311)
Total summer sports	115,022	115,022	98,973	16,049
Wading pool:				
Salaries and wages	5,170	5,170	6,300	(1,130)
Fringe benefits	395	395	2,189	(1,794)
Fees and per diem	55	55	60	(5)
Professional services	200	200	-	200
Office supplies	1,600	1,600	1,923	(323)
Communications	100	100	104	(4)
Insurance and bonds	300	300	282	18
Public utilities	2,100	2,100	1,069	1,031
Building maintenance	1,000	1,000	944	56
Equipment repair	100	100	-	100
Equipment rental	500	500	470	30
Total wading pool	11,520	11,520	13,341	(1,821)
Winter sports:				
Salaries and wages	32,948	32,948	37,412	(4,464)
Fringe benefits	12,701	12,701	14,756	(2,055)
Office supplies	400	400	233	167
Building supplies	200	200	287	(87)
Communications	100	100	344	(244)
Printing and publishing	500	500	-	500
Insurance and bonds	250	250	189	61
Public utilities	6,800	6,800	4,072	2,728
Building maintenance	3,900	3,900	189	3,711
Meetings	100	100	55	45
Equipment repair	200	200	92	108
Equipment rental	8,000	8,000	18,228	(10,228)
Total winter sports	66,099	66,099	75,857	(9,758)
Beach:				
Salaries and wages	25,100	25,100	18,079	7,021
Fringe benefits	1,920	1,920	1,462	458
Clothing	200	200	48	152
Uniform maintenance	50	50	2	48
Professional services	100	100	-	100
Office supplies	400	400	65	335
Building supplies	500	500	93	407
Communications	1,100	1,100	675	425
Insurance and bonds	500	500	393	107
Public utilities	1,200	1,200	834	366
Building maintenance	500	500	447	53
Meetings	300	300	80	220
Equipment repair	300	300	-	300



CITY OF ESCANABA, MICHIGAN

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2008

	<u>Budget</u>			Variance- with final budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Equipment rental	\$ 100	\$ 100	\$ 78	\$ 22
New equipment	150	150	-	150
Total beach	<u>32,420</u>	<u>32,420</u>	<u>22,256</u>	<u>10,164</u>
Civic center activities:				
Salaries and wages	44,779	44,779	32,046	12,733
Fringe benefits	8,217	8,217	4,541	3,676
Professional services	500	500	-	500
Office supplies	500	500	109	391
Operating supplies	100	100	-	100
Jackie Sorenson aerobics	5,500	5,500	5,574	(74)
Printing and publishing	1,000	1,000	-	1,000
Meetings	200	200	81	119
Equipment repair	1,000	1,000	70	930
Total civic center activities	<u>61,796</u>	<u>61,796</u>	<u>42,421</u>	<u>19,375</u>
Total recreation	<u>627,192</u>	<u>630,992</u>	<u>586,423</u>	<u>44,569</u>
Cultural:				
Historical society building:				
Office supplies	-	-	5	(5)
Insurance and bonds	250	250	214	36
Building improvements	4,000	4,000	4,000	-
Total historical society building	<u>4,250</u>	<u>4,250</u>	<u>4,219</u>	<u>31</u>
Other functions:				
Insurance and bonds	<u>11,000</u>	<u>11,350</u>	<u>11,347</u>	<u>3</u>
TOTAL EXPENDITURES	<u>6,906,739</u>	<u>7,022,693</u>	<u>6,647,554</u>	<u>375,139</u>
EXCESS REVENUES (EXPENDITURES)	<u>(380,739)</u>	<u>(496,693)</u>	<u>3,544</u>	<u>500,237</u>
OTHER FINANCING SOURCES (USES):				
Gain (loss) on sale of investments	-	-	14,695	14,695
Operating transfers in:				
Electric Fund	463,624	463,624	463,624	-
Land Development Fund	60,000	60,000	60,000	-
Sanitary Landfill Fund	184,500	184,500	184,479	(21)
Operating transfers out:				
Library Fund	(312,000)	(312,000)	(312,000)	-
Grants Fund	-	(3,300)	-	3,300
Major Street Fund	(81,500)	-	-	-
Local Street Fund	(40,500)	(122,000)	(122,000)	-
Parking Maintenance Fund	(17,500)	(20,750)	(20,750)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>256,624</u>	<u>250,074</u>	<u>268,048</u>	<u>17,974</u>
EXCESS REVENUES AND OTHER FINANCING SOURCES (EXPENDITURES AND OTHER FINANCING USES)	<u>(124,115)</u>	<u>(246,619)</u>	<u>271,592</u>	<u>518,211</u>
Fund balance, beginning of year	<u>4,016,332</u>	<u>4,016,332</u>	<u>4,016,332</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 3,892,217</u>	<u>\$ 3,769,713</u>	<u>\$ 4,287,924</u>	<u>\$ 518,211</u>

## CITY OF ESCANABA, MICHIGAN

MAJOR STREET FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2008

	Budget		Actual	Variance- with final budget Favorable (Unfavorable)
	Original	Final		
REVENUES:				
State grants:				
Gas and weight tax	\$ 725.000	\$ 725.000	\$ 678.562	\$ (46.438)
Winter maintenance	-	-	19.986	19.986
PA 48 annual maintenance fee	44.000	44.000	44.054	54
Public access payment	-	-	1.329	1.329
Federal sources:				
Construction grant	375.000	375.000	317.561	(57.439)
Traffic Signal Upgrades	-	-	37.780	37.780
Miscellaneous:				
Interest earnings	24.000	24.000	35.590	11.590
TOTAL REVENUES	1.168.000	1.168.000	1.134.862	(33.138)
EXPENDITURES:				
Highways, streets and public works:				
Preservation streets:				
Patching and crack filling	57.653	57.653	53.401	4.252
Storm sewers	48.083	63.083	62.791	292
Grass and weed cutting	22.182	22.182	20.620	1.562
Sweeping and flushing	41.314	41.314	37.375	3.939
Street paving	620.000	538.500	479.162	59.338
Total preservation streets	789.232	722.732	653.349	69.383
Traffic services - maintenance:				
Pavement markings and signs	56.034	116.034	107.203	8.831
Winter maintenance:				
Snow removal	199.008	199.008	176.929	22.079
Snow plowing	85.786	85.786	88.253	(2.467)
Snow control	299	299	-	299
Ice control	47.364	62.364	64.973	(2.609)
Total winter maintenance	332.457	347.457	330.155	17.302
Administration engineering and record keeping	70.629	70.629	72.458	(1.829)
TOTAL EXPENDITURES	1.248.352	1,256.852	1,163.165	93.687
EXCESS REVENUES (EXPENDITURES)	(80.352)	(88.852)	(28.303)	60.549
OTHER FINANCING SOURCES (USES):				
Gain (loss) on sale of investments	-	-	411	411
Transfer in General Fund	81.500	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	81.500	-	411	411
EXCESS REVENUES AND OTHER FINANCING SOURCES (EXPENDITURES AND OTHER FINANCING USES)	1.148	(88.852)	(27.892)	60.960
Fund balance, beginning of year	790.331	790.331	790.331	-
FUND BALANCE, END OF YEAR	\$ 791.479	\$ 701.479	\$ 762.439	\$ 60.960

## CITY OF ESCANABA, MICHIGAN

LOCAL STREET FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended June 30, 2008

	Budget		Actual	Variance- with final budget Favorable (Unfavorable)
	Original	Final		
REVENUES:				
State grants:				
Gas and weight tax	\$ 235.000	\$ 255.000	\$ 253.680	\$ (1,320)
Construction grant	-	425.000	234.622	(190,378)
Federal sources:				
Construction grant	-	-	225,778	225,778
Miscellaneous:				
Interest earnings	10,000	10,000	18,696	8,696
Special assessments	68,500	68,500	37,947	(30,553)
TOTAL REVENUES	333,500	758,500	770,723	12,223
EXPENDITURES:				
Highways, streets and public works:				
Construction - roads and streets:				
New construction	-	690,000	704,786	(14,786)
Preservation streets:				
Patching and crack filling	48,215	48,215	47,420	795
Storm sewers	62,149	62,149	76,203	(14,054)
Sweeping and flushing	36,826	36,826	33,921	2,905
Blading	21,658	21,658	8,627	13,031
Dust control	8,432	8,432	5,042	3,390
Street paving	205,000	205,000	197,116	7,884
Total preservation streets	382,280	382,280	368,329	13,951
Traffic services - maintenance	20,364	25,364	31,553	(6,189)
Winter maintenance:				
Snow removal	17,182	69,182	75,333	(6,151)
Snow plowing	67,190	67,190	39,391	27,799
Ice control	24,901	32,901	33,643	(742)
Total winter maintenance	109,273	169,273	148,367	20,906
Administration engineering and record keeping	54,990	54,990	62,450	(7,460)
TOTAL EXPENDITURES	566,907	1,321,907	1,315,485	6,422
EXCESS REVENUES (EXPENDITURES)	(233,407)	(563,407)	(544,762)	18,645
OTHER FINANCING SOURCES (USES):				
Gain (loss) on sale of investments	-	-	2,923	2,923
Operating transfers in:				
Gas Retirement Fund	50,000	50,000	50,000	-
General Fund	40,500	122,000	122,000	-
TOTAL OTHER FINANCING SOURCES (USES)	90,500	172,000	174,923	2,923
EXCESS REVENUES AND OTHER FINANCING SOURCES (EXPENDITURES AND OTHER FINANCING USES)	(142,907)	(391,407)	(369,839)	21,568
Fund balance, beginning of year	572,345	572,345	572,345	-
FUND BALANCE, END OF YEAR	\$ 429,438	\$ 180,938	\$ 202,506	\$ 21,568

**OTHER SUPPLEMENTAL INFORMATION**



## CITY OF ESCANABA, MICHIGAN

NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET

June 30, 2008

	Special Revenue Funds	Permanent Fund	Total Nonmajor Governmental Funds
ASSETS:			
Cash and equivalents	\$ 114,958	\$ -	\$ 114,958
Investments, at market	4,298,752	1,090,970	5,389,722
Sequestered cash and equivalents	399,977	-	399,977
Receivables:			
Accounts, net of bad debt allowance	24,382	-	24,382
Mortgages, land contracts and other notes	2,197,213	-	2,197,213
Accrued interest	45,443	11,170	56,613
Due from other funds:			
Grants Fund	9,402	-	9,402
Due from other governments:			
State of Michigan	113,457	-	113,457
Local units	58,230	-	58,230
Advances to other funds	306,200	-	306,200
Prepaid expenses	25,116	-	25,116
Real estate held for resale	8,200	-	8,200
TOTAL ASSETS	<u>\$ 7,601,330</u>	<u>\$ 1,102,140</u>	<u>\$ 8,703,470</u>
LIABILITIES:			
Accounts payable	\$ 55,012	\$ -	\$ 55,012
Due to other funds:			
Land Development Fund	9,402	-	9,402
General Fund	158,203	-	158,203
Health Insurance Fund	3,265	-	3,265
TOTAL LIABILITIES	<u>225,882</u>	<u>-</u>	<u>225,882</u>
FUND BALANCES:			
Reserved for:			
Principal	-	1,094,634	1,094,634
Capital improvements	5,299	7,506	12,805
Long-term notes receivable	2,197,213	-	2,197,213
Revolving loans	1,352,100	-	1,352,100
Prepaid expenses	18,264	-	18,264
UPSET expenses	112,952	-	112,952
Land held for resale	8,200	-	8,200
Future DDA projects as listed in the TIF Development Plan	340,699	-	340,699
Unreserved:			
Undesignated	<u>3,340,721</u>	<u>-</u>	<u>3,340,721</u>
TOTAL FUND BALANCES	<u>7,375,448</u>	<u>1,102,140</u>	<u>8,477,588</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 7,601,330</u>	<u>\$ 1,102,140</u>	<u>\$ 8,703,470</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES

For the year ended June 30, 2008

	Special Revenue Funds	Permanent Fund	Total Nonmajor Governmental Funds
REVENUES:			
Taxes	\$ 264,494	\$ -	\$ 264,494
Local sources	206,414	-	206,414
State grants	52,765	-	52,765
Charges for services	809,300	-	809,300
Fines and forfeitures	24,205	-	24,205
Interest and dividends	-	54,615	54,615
Miscellaneous	558,598	-	558,598
TOTAL REVENUES	1,915,776	54,615	1,970,391
EXPENDITURES:			
Public safety	604,753	-	604,753
Highways, streets and public works	120,497	-	120,497
Community services	133,780	-	133,780
Cultural	514,397	-	514,397
Urban redevelopment and housing	13,848	-	13,848
Economic development	373,361	-	373,361
Debt service	58,390	-	58,390
TOTAL EXPENDITURES	1,819,026	-	1,819,026
EXCESS REVENUES (EXPENDITURES)	96,750	54,615	151,365
OTHER FINANCING SOURCES (USES):			
Gain (loss) on sale of investments	13,068	2,891	15,959
Operating transfers in	390,348	-	390,348
Operating transfers out	(302,077)	(50,000)	(352,077)
TOTAL OTHER FINANCING SOURCES (USES)	101,339	(47,109)	54,230
EXCESS REVENUES AND OTHER FINANCING SOURCES (EXPENDITURES AND OTHER FINANCING USES)	198,089	7,506	205,595
Fund balances, beginning of year	7,177,359	1,094,634	8,271,993
FUND BALANCES, END OF YEAR	\$ 7,375,448	\$ 1,102,140	\$ 8,477,588

See accompanying notes to financial statements.

**GENERAL FUND**

## CITY OF ESCANABA, MICHIGAN

GENERAL FUND  
COMPARATIVE BALANCE SHEET

June 30, 2008 and 2007

	June 30	
	2008	2007
ASSETS:		
Cash and equivalents	\$ 34,962	\$ 44,592
Investments, at market	3,728,994	3,809,916
Receivables:		
Accounts, net of bad debt allowance	223,621	196,490
Contracts for rental property	3,754	2,902
Special assessments	32,550	30,572
Accrued interest	43,912	49,511
Due from other funds:		
Grants Fund	68,368	92,769
Parking Maintenance Fund	20,055	-
Sanitary Landfill Fund	10,543	10,504
Delta County Central Dispatch Authority	59,237	31,698
Due from other governments:		
State of Michigan	197,412	213,946
Advances to other funds:		
Motor Vehicle Equipment	452,825	-
Inventory	57,405	35,678
Prepaid expenses	21	1,155
TOTAL ASSETS	<u>\$ 4,933,659</u>	<u>\$ 4,519,733</u>
LIABILITIES:		
Accounts payable	\$ 136,044	\$ 110,402
Accrued salaries, wages and fringes	345,756	290,931
Due to other governments	61,606	9,748
Due to other funds:		
Grants Fund	-	3,000
Public Safety Pension Fund	-	200
Deferred revenue	102,329	89,120
TOTAL LIABILITIES	<u>645,735</u>	<u>503,401</u>
FUND BALANCES:		
Reserved for:		
Inventory	57,405	35,678
Prepaid expenses	21	1,155
Unreserved:		
Undesignated	4,230,498	3,979,499
TOTAL FUND BALANCES	<u>4,287,924</u>	<u>4,016,332</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,933,659</u>	<u>\$ 4,519,733</u>

See accompanying notes to financial statements.

## CITY OF ESCANABA, MICHIGAN

GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended June 30, 2008

	Budget	Actual	Variance- Favorable (Unfavorable)	2007
REVENUES:				
Taxes	\$ 4,320,650	\$ 4,329,778	\$ 9,128	\$ 4,151,376
Licenses and permits	5,500	1,725	(3,775)	1,550
Local sources	22,500	17,240	(5,260)	16,618
State grants	1,563,700	1,560,203	(3,497)	1,562,020
Federal sources	64,975	103,469	38,494	62,826
Charges for services	206,275	238,006	31,731	215,866
Fines and forfeitures	28,500	37,042	8,542	35,665
Miscellaneous	313,900	363,635	49,735	341,388
TOTAL REVENUES	6,526,000	6,651,098	125,098	6,387,309
EXPENDITURES:				
General government	1,230,629	1,152,738	77,891	1,121,082
Public safety	3,715,860	3,562,962	152,898	3,557,000
Highways, streets and public works	685,424	625,629	59,795	561,875
Sanitation	720,040	683,088	36,952	731,388
Community services	24,148	21,148	3,000	21,148
Recreation	630,992	586,423	44,569	593,115
Cultural	4,250	4,219	31	4,701
Other functions	11,350	11,347	3	10,508
TOTAL EXPENDITURES	7,022,693	6,647,554	375,139	6,600,817
EXCESS REVENUES (EXPENDITURES)	(496,693)	3,544	500,237	(213,508)
OTHER FINANCING SOURCES (USES):				
Gain (loss) on sale of investments	-	14,695	14,695	18,042
Operating transfers in	708,124	708,103	(21)	709,237
Operating transfers out	(458,050)	(454,750)	3,300	(623,706)
TOTAL OTHER FINANCING SOURCES (USES)	250,074	268,048	17,974	103,573
EXCESS REVENUES AND OTHER FINANCING SOURCES (EXPENDITURES AND OTHER FINANCING USES)	(246,619)	271,592	518,211	(109,935)
Fund balance, beginning of year	4,016,332	4,016,332	-	4,126,267
FUND BALANCE, END OF YEAR	\$ 3,769,713	\$ 4,287,924	\$ 518,211	\$ 4,016,332

See accompanying notes to financial statements.



SPECIAL REVENUE FUNDS

## CITY OF ESCANABA, MICHIGAN

NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEETJune 30, 2008 with comparative totals  
for the year ended June 30, 2007

	Parking Maintenance Fund	Downtown Development Authority Fund	Brownfield Fund	Drug Law Enforcement Fund	Delta County Central Dispatch Authority Fund	Library Fund
ASSETS:						
Cash and equivalents	\$ -	\$ 2,006	\$ -	\$ 112,952	\$ -	\$ -
Investments, at market	20,749	347,936	8,099	18,009	-	76,250
Sequestered cash and equivalents	-	-	-	-	-	-
Receivables:						
Accounts, net of bad debt allowance	-	-	-	-	-	-
Mortgages, land contracts and other notes	-	-	-	-	-	-
Accrued interest	(2)	4,280	84	183	(115)	1,464
Due from other funds:						
Grants Fund	-	-	-	-	-	-
Local Street Fund	-	-	-	-	-	-
General Fund	-	-	-	-	-	-
Due from other governments:						
State of Michigan	-	-	-	-	-	9,457
Local units	-	-	-	-	58,230	-
Advances to other funds:						
Marina Fund	-	-	-	-	-	-
Prepaid expenses	-	18,264	-	-	6,852	-
Real estate held for resale	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 20,747</b>	<b>\$ 372,486</b>	<b>\$ 8,183</b>	<b>\$ 131,144</b>	<b>\$ 64,967</b>	<b>\$ 87,171</b>
LIABILITIES:						
Accounts payable	\$ -	\$ 13,523	\$ -	\$ 850	\$ 2,465	\$ 10,484
Due to other funds:						
Land Development Fund	-	-	-	-	-	-
Water Utility Fund	-	-	-	-	-	-
Waste Water Fund	-	-	-	-	-	-
General Fund	20,055	-	-	-	59,237	-
Health Insurance Fund	-	-	-	-	3,265	-
Deferred revenue	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>20,055</b>	<b>13,523</b>	<b>-</b>	<b>850</b>	<b>64,967</b>	<b>10,484</b>
FUND BALANCES:						
Reserved for:						
Long term notes receivable	-	-	-	-	-	-
Revolving loans	-	-	-	-	-	-
Prepaid expenses	-	18,264	-	-	-	-
UPSET expenses	-	-	-	112,952	-	-
Land held for resale	-	-	-	-	-	-
Future DDA projects as listed in the TIF	-	-	-	-	-	-
Development Plan	-	340,699	-	-	-	-
Capital improvements	-	-	-	-	-	-
Unreserved:						
Undesignated	692	-	8,183	17,342	-	76,687
<b>TOTAL FUND BALANCES</b>	<b>692</b>	<b>358,963</b>	<b>8,183</b>	<b>130,294</b>	<b>-</b>	<b>76,687</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 20,747</b>	<b>\$ 372,486</b>	<b>\$ 8,183</b>	<b>\$ 131,144</b>	<b>\$ 64,967</b>	<b>\$ 87,171</b>

See accompanying notes to financial statements.

Housing Rehab Fund	Grants Fund	UDAG/DIAL Grant Fund	E.D.A. Revolving Loan Fund	Farmers Home Grant Fund	M.S.C. Revolving Loan Fund II	Land Development Fund	Sanitary Landfill Fund	Totals	
								2008	2007
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	114,958	112,045
121,306	8	1,249,627	637,138	84,626	307,825	1,427,714	(535)	4,298,752	4,136,695
-	-	-	399,977	-	-	-	-	399,977	-
-	-	-	-	-	-	-	24,382	24,382	25,985
-	-	839,190	775,219	-	582,804	-	-	2,197,213	2,482,772
1,240	-	12,547	6,223	872	2,892	14,399	1,376	45,443	46,611
-	-	-	-	-	-	9,402	-	9,402	-
-	-	-	-	-	-	-	-	-	142,874
-	-	-	-	-	-	-	-	-	3,000
-	104,000	-	-	-	-	-	-	113,457	112,192
-	-	-	-	-	-	-	-	58,230	50,198
-	-	-	-	-	-	306,200	-	306,200	313,200
-	-	-	-	-	-	-	-	25,116	200
-	-	-	-	-	-	8,200	-	8,200	8,200
<u>\$ 122,546</u>	<u>\$ 104,008</u>	<u>\$ 2,101,364</u>	<u>\$ 1,818,557</u>	<u>\$ 85,498</u>	<u>\$ 893,521</u>	<u>\$ 1,765,915</u>	<u>\$ 25,223</u>	<u>\$ 7,601,330</u>	<u>\$ 7,433,972</u>
\$ -	\$ 25,576	\$ 138	\$ 1,955	\$ -	\$ -	\$ 21	\$ -	55,012	18,308
-	9,402	-	-	-	-	-	-	9,402	-
-	-	-	-	-	-	-	-	-	49,155
-	-	-	-	-	-	-	-	-	43,179
-	68,368	-	-	-	-	-	10,543	158,203	134,971
-	-	-	-	-	-	-	-	3,265	-
-	-	-	-	-	-	-	-	-	11,000
-	103,346	138	1,955	-	-	21	10,543	225,882	256,613
-	-	839,190	775,219	-	582,804	-	-	2,197,213	2,482,772
-	-	-	1,041,383	-	310,717	-	-	1,352,100	966,257
-	-	-	-	-	-	-	-	18,264	200
-	-	-	-	-	-	-	-	112,952	110,059
-	-	-	-	-	-	8,200	-	8,200	8,200
-	-	-	-	-	-	-	-	340,699	463,202
-	-	-	-	-	-	5,299	-	5,299	-
<u>122,546</u>	<u>662</u>	<u>1,262,036</u>	<u>-</u>	<u>85,498</u>	<u>-</u>	<u>1,752,395</u>	<u>14,680</u>	<u>3,340,721</u>	<u>3,146,669</u>
<u>122,546</u>	<u>662</u>	<u>2,101,226</u>	<u>1,816,602</u>	<u>85,498</u>	<u>893,521</u>	<u>1,765,894</u>	<u>14,680</u>	<u>7,375,448</u>	<u>7,177,359</u>
<u>\$ 122,546</u>	<u>\$ 104,008</u>	<u>\$ 2,101,364</u>	<u>\$ 1,818,557</u>	<u>\$ 85,498</u>	<u>\$ 893,521</u>	<u>\$ 1,765,915</u>	<u>\$ 25,223</u>	<u>\$ 7,601,330</u>	<u>\$ 7,433,972</u>

See accompanying notes to financial statements.

## CITY OF ESCANABA, MICHIGAN

NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCEJune 30, 2008 with comparative totals  
for the year ended June 30, 2007

	Parking Maintenance Fund	Downtown Development Authority Fund	Brownfield Fund	Drug Law Enforcement Fund	Delta County Central Dispatch Authority Fund	Library Fund
REVENUES:						
Taxes	\$ -	\$ 264,494	\$ -	\$ -	\$ -	\$ -
Local sources	-	-	-	-	-	184,739
State grants	-	-	-	-	-	18,809
Federal sources	-	-	-	-	-	-
Charges for services	27,985	-	-	-	601,031	-
Fines and forfeitures	-	-	-	4,347	-	19,858
Miscellaneous	8	60,217	427	2,611	1	22,356
TOTAL REVENUES	<u>27,993</u>	<u>324,711</u>	<u>427</u>	<u>6,958</u>	<u>601,032</u>	<u>245,762</u>
EXPENDITURES:						
Public safety	-	-	-	3,520	601,233	-
Highways, streets and public works	49,661	-	-	-	-	-
Community services	-	-	-	-	-	-
Cultural	-	-	-	-	-	514,397
Urban redevelopment and housing	-	-	-	-	-	-
Economic development	-	372,333	928	-	-	-
Debt service	-	58,390	-	-	-	-
TOTAL EXPENDITURES	<u>49,661</u>	<u>430,723</u>	<u>928</u>	<u>3,520</u>	<u>601,233</u>	<u>514,397</u>
EXCESS REVENUES (EXPENDITURES)	<u>(21,668)</u>	<u>(106,012)</u>	<u>(501)</u>	<u>3,438</u>	<u>(201)</u>	<u>(268,635)</u>
OTHER FINANCING SOURCES (USES):						
Gain (loss) on sale of investments	26	1,573	68	43	201	(233)
Operating transfers in	20,750	-	-	-	-	312,000
Operating transfers out	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>20,776</u>	<u>1,573</u>	<u>68</u>	<u>43</u>	<u>201</u>	<u>311,767</u>
EXCESS REVENUES AND OTHER FINANCING SOURCES (EXPENDITURES AND OTHER FINANCING USES)	<u>(892)</u>	<u>(104,439)</u>	<u>(433)</u>	<u>3,481</u>	<u>-</u>	<u>43,132</u>
Fund balances, beginning of year	<u>1,584</u>	<u>463,402</u>	<u>8,616</u>	<u>126,813</u>	<u>-</u>	<u>33,555</u>
FUND BALANCES, END OF YEAR	<u>\$ 692</u>	<u>\$ 358,963</u>	<u>\$ 8,183</u>	<u>\$ 130,294</u>	<u>\$ -</u>	<u>\$ 76,687</u>

See accompanying notes to financial statements.

Housing Rehab Fund	Grants Fund	UDAG/DIAL Grant Fund	E.D.A. Revolving Loan Fund	Farmers Home Grant Fund	M.S.C. Revolving Loan Fund II	Land Development Fund	Sanitary Landfill Fund	Totals	
								2008	2007
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	264,494	\$ 282,758
-	21,675	-	-	-	-	-	-	206,414	185,833
-	33,956	-	-	-	-	-	-	52,765	28,391
-	-	-	-	-	-	-	-	-	18,000
-	-	-	-	-	-	-	180,284	809,300	757,891
-	-	-	-	-	-	-	-	24,205	19,875
<u>6,001</u>	<u>20,551</u>	<u>120,987</u>	<u>83,373</u>	<u>4,180</u>	<u>57,057</u>	<u>177,208</u>	<u>3,621</u>	<u>558,598</u>	<u>974,685</u>
<u>6,001</u>	<u>76,182</u>	<u>120,987</u>	<u>83,373</u>	<u>4,180</u>	<u>57,057</u>	<u>177,208</u>	<u>183,905</u>	<u>1,915,776</u>	<u>2,267,433</u>
-	-	-	-	-	-	-	-	604,753	560,764
-	-	-	-	-	-	70,814	22	120,497	264,143
-	133,780	-	-	-	-	-	-	133,780	246,515
-	-	-	-	-	-	-	-	514,397	471,320
10,089	-	960	1,789	-	1,010	-	-	13,848	13,198
-	-	-	-	100	-	-	-	373,361	333,119
-	-	-	-	-	-	-	-	58,390	73,202
<u>10,089</u>	<u>133,780</u>	<u>960</u>	<u>1,789</u>	<u>100</u>	<u>1,010</u>	<u>70,814</u>	<u>22</u>	<u>1,819,026</u>	<u>1,962,261</u>
<u>(4,088)</u>	<u>(57,598)</u>	<u>120,027</u>	<u>81,584</u>	<u>4,080</u>	<u>56,047</u>	<u>106,394</u>	<u>183,883</u>	<u>96,750</u>	<u>305,172</u>
293	-	2,456	4,742	167	1,446	2,070	216	13,068	19,678
-	57,598	-	-	-	-	-	-	390,348	253,747
-	-	-	-	-	-	(117,598)	(184,479)	(302,077)	(435,114)
<u>293</u>	<u>57,598</u>	<u>2,456</u>	<u>4,742</u>	<u>167</u>	<u>1,446</u>	<u>(115,528)</u>	<u>(184,263)</u>	<u>101,339</u>	<u>(161,689)</u>
(3,795)	-	122,483	86,326	4,247	57,493	(9,134)	(380)	198,089	143,483
<u>126,341</u>	<u>662</u>	<u>1,978,743</u>	<u>1,730,276</u>	<u>81,251</u>	<u>836,028</u>	<u>1,775,028</u>	<u>15,060</u>	<u>7,177,359</u>	<u>7,033,876</u>
<u>\$ 122,546</u>	<u>\$ 662</u>	<u>\$ 2,101,226</u>	<u>\$ 1,816,602</u>	<u>\$ 85,498</u>	<u>\$ 893,521</u>	<u>\$ 1,765,894</u>	<u>\$ 14,680</u>	<u>\$ 7,375,448</u>	<u>\$ 7,177,359</u>

See accompanying notes to financial statements.



## CITY OF ESCANABA, MICHIGAN

MAJOR STREET FUND  
COMPARATIVE BALANCE SHEET

June 30, 2008 and 2007

	June 30	
	<u>2008</u>	<u>2007</u>
ASSETS:		
Investments, at market	\$ 646.604	\$ 673.768
Receivables:		
Accrued interest	7.282	6.644
Due from other governments:		
State of Michigan	<u>113.182</u>	<u>113.286</u>
TOTAL ASSETS	<u>\$ 767.068</u>	<u>\$ 793.698</u>
LIABILITIES:		
Accounts payable	<u>\$ 4.629</u>	<u>\$ 3.367</u>
FUND BALANCES:		
Unreserved:		
Undesignated	<u>762.439</u>	<u>790.331</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 767.068</u>	<u>\$ 793.698</u>

See accompanying notes to financial statements.

## CITY OF ESCANABA, MICHIGAN

MAJOR STREET FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended June 30, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
State grants:			
Gas and weight tax	\$ 725,000	\$ 678,562	\$ (46,438)
Winter maintenance	-	19,986	19,986
PA 48 annual maintenance fee	44,000	44,054	54
Public access payment	-	1,329	1,329
Federal sources:			
Construction grant	375,000	317,561	(57,439)
Traffic Signal Upgrades	-	37,780	37,780
Miscellaneous:			
Interest earnings	24,000	35,590	11,590
TOTAL REVENUES	1,168,000	1,134,862	(33,138)
EXPENDITURES:			
Highways, streets and public works:			
Preservation streets:			
Patching and crack filling	57,653	53,401	4,252
Storm sewers	63,083	62,231	852
Grass and weed cutting	22,182	20,620	1,562
Sweeping and flushing	41,314	37,375	3,939
Street paving	538,500	479,162	59,338
Capital outlay	-	560	(560)
Total preservation streets	722,732	653,349	69,383
Traffic services - maintenance:			
Pavement markings and signs	116,034	107,203	8,831
Winter maintenance:			
Snow removal	199,008	176,929	22,079
Snow plowing	85,786	88,253	(2,467)
Snow control	299	-	299
Ice control	62,364	64,973	(2,609)
Total winter maintenance	347,457	330,155	17,302
Administration engineering and record keeping	70,629	72,458	(1,829)
TOTAL EXPENDITURES	1,256,852	1,163,165	93,687
EXCESS REVENUES (EXPENDITURES)	(88,852)	(28,303)	60,549
OTHER FINANCING SOURCES (USES):			
Gain (loss) on sale of investments	-	411	411
EXCESS REVENUES AND OTHER FINANCING SOURCES (EXPENDITURES AND OTHER FINANCING USES)	(88,852)	(27,892)	60,960
Fund balance, beginning of year	790,331	790,331	-
FUND BALANCE, END OF YEAR	\$ 701,479	\$ 762,439	\$ 60,960

See accompanying notes to financial statements.

## CITY OF ESCANABA, MICHIGAN

LOCAL STREET FUND  
COMPARATIVE BALANCE SHEET

June 30, 2008 and 2007

	June 30	
	<u>2008</u>	<u>2007</u>
ASSETS:		
Investments, at market	\$ 209,930	\$ 552,932
Receivables:		
Special assessments	403,307	2,505
Accrued interest	2,089	7,340
Due from other funds:		
Water Utility Fund	-	170,491
Waste Water Fund	-	130,783
Due from other governments:		
State of Michigan	<u>41,568</u>	<u>42,352</u>
TOTAL ASSETS	<u>\$ 656,894</u>	<u>\$ 906,403</u>
LIABILITIES:		
Accounts payable	\$ 51,081	\$ 188,679
Due to other funds:		
UDAG/DIAL Grant Fund	-	142,874
Deferred revenue	<u>403,307</u>	<u>2,505</u>
TOTAL LIABILITIES	<u>454,388</u>	<u>334,058</u>
FUND BALANCES:		
Unreserved:		
Undesignated	<u>202,506</u>	<u>572,345</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 656,894</u>	<u>\$ 906,403</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

LOCAL STREET FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended June 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
State grants:			
Gas and weight tax	\$ 255,000	\$ 253,680	\$ (1,320)
Construction grant	425,000	234,622	(190,378)
Federal sources:			
Construction grant	-	225,778	225,778
Miscellaneous:			
Interest earnings	10,000	18,696	8,696
Special assessments	68,500	37,947	(30,553)
TOTAL REVENUES	<u>758,500</u>	<u>770,723</u>	<u>12,223</u>
EXPENDITURES:			
Highways, streets and public works:			
Construction - roads and streets:			
New construction	<u>690,000</u>	<u>704,786</u>	<u>(14,786)</u>
Preservation streets:			
Patching and crack filling	48,215	47,420	795
Storm sewers	62,149	76,203	(14,054)
Sweeping and flushing	36,826	33,921	2,905
Blading	21,658	8,627	13,031
Dust control	8,432	5,042	3,390
Street paving	205,000	197,116	7,884
Total preservation streets	<u>382,280</u>	<u>368,329</u>	<u>13,951</u>
Traffic services - maintenance	<u>25,364</u>	<u>31,553</u>	<u>(6,189)</u>
Winter maintenance:			
Snow removal	69,182	75,333	(6,151)
Snow plowing	67,190	39,391	27,799
Ice control	32,901	33,643	(742)
Total winter maintenance	<u>169,273</u>	<u>148,367</u>	<u>20,906</u>
Administration engineering and record keeping	<u>54,990</u>	<u>62,450</u>	<u>(7,460)</u>
TOTAL EXPENDITURES	<u>1,321,907</u>	<u>1,315,485</u>	<u>6,422</u>
EXCESS REVENUES (EXPENDITURES)	<u>(563,407)</u>	<u>(544,762)</u>	<u>18,645</u>
OTHER FINANCING SOURCES (USES):			
Gain (loss) on sale of investments	-	2,923	2,923
Operating transfers in:			
Gas Retirement Fund	50,000	50,000	-
General Fund	122,000	122,000	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>172,000</u>	<u>174,923</u>	<u>2,923</u>
EXCESS REVENUES AND OTHER FINANCING SOURCES (EXPENDITURES AND OTHER FINANCING USES)	<u>(391,407)</u>	<u>(369,839)</u>	<u>21,568</u>
Fund balance, beginning of year	<u>572,345</u>	<u>572,345</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 180,938</u>	<u>\$ 202,506</u>	<u>\$ 21,568</u>

See accompanying notes to financial statements.

## CITY OF ESCANABA, MICHIGAN

PARKING MAINTENANCE FUND  
COMPARATIVE BALANCE SHEET

June 30, 2008 and 2007

	June 30	
	<u>2008</u>	<u>2007</u>
ASSETS:		
Investments, at market	\$ 20,749	\$ 1,538
Receivables:		
Accrued interest	<u>(2)</u>	<u>46</u>
TOTAL ASSETS	<u>\$ 20,747</u>	<u>\$ 1,584</u>
LIABILITIES:		
Due to other funds:		
General Fund	<u>\$ 20,055</u>	<u>\$ -</u>
FUND BALANCES:		
Unreserved:		
Undesignated	<u>692</u>	<u>1,584</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 20,747</u>	<u>\$ 1,584</u>

See accompanying notes to financial statements.



## CITY OF ESCANABA, MICHIGAN

PARKING MAINTENANCE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended June 30, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Charges for services	\$ 29.500	\$ 27.985	\$ (1.515)
Miscellaneous:			
Interest earnings	<u>-</u>	<u>8</u>	<u>8</u>
TOTAL REVENUES	<u>29.500</u>	<u>27.993</u>	<u>(1.507)</u>
EXPENDITURES:			
Highways, streets and public works:			
DDA lot maintenance	29.500	28.334	1.166
Non-DDA lot maintenance	<u>20.750</u>	<u>21.327</u>	<u>(577)</u>
TOTAL EXPENDITURES	<u>50.250</u>	<u>49.661</u>	<u>589</u>
EXCESS REVENUES (EXPENDITURES)	<u>(20.750)</u>	<u>(21.668)</u>	<u>(918)</u>
OTHER FINANCING SOURCES (USES):			
Gain (loss) on sale of investments	-	26	26
Operating transfers in:			
General Fund	<u>20.750</u>	<u>20.750</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>20.750</u>	<u>20.776</u>	<u>26</u>
EXCESS REVENUES AND OTHER FINANCING SOURCES (EXPENDITURES AND OTHER FINANCING USES)	-	(892)	(892)
Fund balance, beginning of year	<u>-</u>	<u>1,584</u>	<u>1,584</u>
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ 692</u>	<u>\$ 692</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN  
DOWNTOWN DEVELOPMENT AUTHORITY  
COMPARATIVE BALANCE SHEET

June 30, 2008 and 2007

	<u>June 30</u>	
	<u>2008</u>	<u>2007</u>
ASSETS:		
Cash and equivalents	\$ 2,006	\$ 1,986
Investments, at market	347,936	444,139
Receivables:		
Accrued interest	4,280	5,065
Due from other governments:		
State of Michigan	-	18,000
Prepaid expenses	<u>18,264</u>	<u>200</u>
TOTAL ASSETS	<u>\$ 372,486</u>	<u>\$ 469,390</u>
LIABILITIES:		
Accounts payable	<u>\$ 13,523</u>	<u>\$ 5,988</u>
FUND BALANCES:		
Reserved for:		
Prepaid expenses	18,264	200
Future DDA projects as listed in the TIF Development Plan	<u>340,699</u>	<u>463,202</u>
TOTAL FUND BALANCES	<u>358,963</u>	<u>463,402</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 372,486</u>	<u>\$ 469,390</u>

See accompanying notes to financial statements.

## CITY OF ESCANABA, MICHIGAN

DOWNTOWN DEVELOPMENT AUTHORITY  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended June 30, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Taxes	\$ 265,000	\$ 264,494	\$ (506)
Miscellaneous:			
Contributions from private sources	20,000	26,119	6,119
Interest earnings	16,500	24,096	7,596
Repayment of mortgage	-	10,000	10,000
Other	-	2	2
TOTAL REVENUES	<u>301,500</u>	<u>324,711</u>	<u>23,211</u>
EXPENDITURES:			
Economic development:			
Salaries and wages	56,650	56,031	619
Fringe benefits	14,500	12,087	2,413
Supplies	5,500	4,805	695
Professional services	22,500	16,688	5,812
Rental rehabilitation	141,000	128,026	12,974
Communication	2,500	1,520	980
Transportation	1,000	337	663
Public relations	70,500	63,029	7,471
Printing & publishing	3,000	2,362	638
Insurance & bonds	1,200	1,008	192
Public utilities	3,500	2,847	653
Maintenance of parking lots	32,750	30,894	1,856
Capital outlay	130,500	38,312	92,188
Capital outlay - equipment	1,500	1,827	(327)
Building maintenance	5,000	7,582	(2,582)
Maintenance of sidewalks	5,000	1,517	3,483
Equipment maintenance	1,000	1,110	(110)
Equipment rental	1,000	1,108	(108)
Books, magazines & periodicals	450	644	(194)
Memberships & dues	750	501	249
Education and training	500	98	402
Total economic development	<u>500,300</u>	<u>372,333</u>	<u>127,967</u>
Debt service:			
Principal retirement	40,000	40,000	-
Interest charges	18,390	18,390	-
Total debt service	<u>58,390</u>	<u>58,390</u>	<u>-</u>
TOTAL EXPENDITURES	<u>558,690</u>	<u>430,723</u>	<u>127,967</u>
EXCESS REVENUES (EXPENDITURES)	(257,190)	(106,012)	151,178
OTHER FINANCING SOURCES:			
Gain (loss) on sale of investments	-	1,573	1,573
EXCESS REVENUES AND OTHER FINANCING SOURCES (EXPENDITURES)	(257,190)	(104,439)	152,751
Fund balance, beginning of year	<u>463,402</u>	<u>463,402</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 206,212</u>	<u>\$ 358,963</u>	<u>\$ 152,751</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

BROWNFIELD FUND  
COMPARATIVE BALANCE SHEET

June 30, 2008 and 2007

	<u>June 30</u>	
	<u>2008</u>	<u>2007</u>
ASSETS:		
Investments, at market	\$ 8,099	\$ 8,495
Receivables:		
Accrued interest	<u>84</u>	<u>121</u>
TOTAL ASSETS	<u>\$ 8,183</u>	<u>\$ 8,616</u>
FUND BALANCES:		
Unreserved:		
Undesignated	<u>\$ 8,183</u>	<u>\$ 8,616</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

BROWNFIELD FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended June 30, 2008

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES:			
Miscellaneous:			
Interest earnings	\$ 500	\$ 427	\$ (73)
EXPENDITURES:			
Economic development:			
Professional services	5,000	619	4,381
Printing & publishing	-	306	(306)
Office supplies	-	3	(3)
TOTAL EXPENDITURES	<u>5,000</u>	<u>928</u>	<u>4,072</u>
EXCESS REVENUES (EXPENDITURES)	(4,500)	(501)	3,999
OTHER FINANCING SOURCES:			
Gain (loss) on sale of investments	-	68	68
EXCESS REVENUES AND OTHER FINANCING SOURCES (EXPENDITURES)	(4,500)	(433)	4,067
Fund balance, beginning of year	<u>8,616</u>	<u>8,616</u>	-
FUND BALANCE, END OF YEAR	<u>\$ 4,116</u>	<u>\$ 8,183</u>	<u>\$ 4,067</u>

See accompanying notes to financial statements.



## CITY OF ESCANABA, MICHIGAN

DRUG LAW ENFORCEMENT FUND  
COMPARATIVE BALANCE SHEET

June 30, 2008 and 2007

	June 30	
	<u>2008</u>	<u>2007</u>
ASSETS:		
Cash and equivalents:		
UPSET adjudicated funds	\$ 22,450	\$ 22,204
UPSET federal forfeiture	87,371	85,851
Non-adjudicated account	3,131	2,004
Investments, at market	18,009	16,572
Receivables:		
Accrued interest	<u>183</u>	<u>182</u>
TOTAL ASSETS	<u>\$ 131,144</u>	<u>\$ 126,813</u>
LIABILITIES:		
Accounts payable	<u>\$ 850</u>	<u>\$ -</u>
FUND BALANCES:		
Reserved for:		
UPSET expenses	112,952	110,059
Unreserved:		
Undesignated	<u>17,342</u>	<u>16,754</u>
TOTAL FUND BALANCES	<u>130,294</u>	<u>126,813</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 131,144</u>	<u>\$ 126,813</u>

See accompanying notes to financial statements.

## CITY OF ESCANABA, MICHIGAN

DRUG LAW ENFORCEMENT FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended June 30, 2008

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES:			
Fines and forfeitures:			
Forfeiture revenue	\$ 30.000	\$ 4.347	\$ (25.653)
Miscellaneous:			
Interest earnings	<u>2.500</u>	<u>2.611</u>	<u>111</u>
TOTAL REVENUES	<u>32.500</u>	<u>6.958</u>	<u>(25.542)</u>
EXPENDITURES:			
Public safety:			
Transfers to UPSET	20.000	1.335	18.665
Supplies	4.000	1.335	2.665
Capital outlay - equipment	<u>-</u>	<u>850</u>	<u>(850)</u>
TOTAL EXPENDITURES	<u>24.000</u>	<u>3.520</u>	<u>20.480</u>
EXCESS REVENUES	8.500	3.438	(5.062)
OTHER FINANCING SOURCES:			
Gain (loss) on sale of investments	<u>-</u>	<u>43</u>	<u>43</u>
EXCESS REVENUES AND OTHER FINANCING SOURCES	8.500	3.481	(5.019)
Fund balance, beginning of year	<u>126.813</u>	<u>126.813</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 135.313</u>	<u>\$ 130.294</u>	<u>\$ (5.019)</u>

See accompanying notes to financial statements.

## CITY OF ESCANABA, MICHIGAN

DELTA COUNTY CENTRAL DISPATCH AUTHORITY  
COMPARATIVE BALANCE SHEET

June 30, 2008 and 2007

	June 30	
	2008	2007
ASSETS:		
Investments, at market	\$ -	\$ (202)
Receivables:		
Accrued interest	(115)	170
Due from other governments:		
Local units	58,230	31,618
Prepaid expenses	<u>6,852</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 64,967</u>	<u>\$ 31,586</u>
LIABILITIES:		
Accounts payable	\$ 2,465	\$ (112)
Due to other funds:		
General Fund	59,237	31,698
Health Insurance Fund	<u>3,265</u>	<u>-</u>
TOTAL LIABILITIES	<u>64,967</u>	<u>31,586</u>
FUND BALANCES:		
Unreserved:		
Undesignated	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 64,967</u>	<u>\$ 31,586</u>

See accompanying notes to financial statements.

## CITY OF ESCANABA, MICHIGAN

DELTA COUNTY CENTRAL DISPATCH AUTHORITY  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended June 30, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Charges for services:			
Service fees	\$ 610,516	\$ 601,031	\$ (9,485)
Miscellaneous:			
Interest earnings	250	1	(249)
TOTAL REVENUES	610,766	601,032	(9,734)
EXPENDITURES:			
Public safety:			
Salaries and wages	394,498	394,101	397
Fringe benefits	84,330	86,111	(1,781)
Overhead on salaries and wages	90,238	88,872	1,366
Travel expenses	1,700	693	1,007
Professional services	500	-	500
Supplies	400	-	400
Building supplies	-	58	(58)
Equipment rental	15,600	11,540	4,060
Communication	3,800	3,114	686
Printing & publishing	400	-	400
Capital outlay	800	2,188	(1,388)
Uniform maintenance	200	-	200
Equipment maintenance	13,000	12,092	908
Books, magazines & periodicals	-	488	(488)
Memberships & dues	200	125	75
Education and training	2,800	590	2,210
Office expense	300	159	141
Office supplies	2,000	1,102	898
TOTAL EXPENDITURES	610,766	601,233	9,533
EXCESS REVENUES (EXPENDITURES)	-	(201)	(201)
OTHER FINANCING SOURCES (USES):			
Gain (loss) on sale of investments	-	201	201
EXCESS REVENUES AND OTHER FINANCING SOURCES	-	-	-
Fund balance, beginning of year	-	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ -

See accompanying notes to financial statements.

## CITY OF ESCANABA, MICHIGAN

LIBRARY FUND  
COMPARATIVE BALANCE SHEET

June 30, 2008 and 2007

	June 30	
	<u>2008</u>	<u>2007</u>
ASSETS:		
Investments, at market	\$ 76,250	\$ 33,781
Receivables:		
Accrued interest	1,464	851
Due from other governments:		
State of Michigan	<u>9,457</u>	<u>11,341</u>
TOTAL ASSETS	<u>\$ 87,171</u>	<u>\$ 45,973</u>
LIABILITIES:		
Accounts payable	<u>\$ 10,484</u>	<u>\$ 12,418</u>
FUND BALANCES:		
Unreserved:		
Undesignated	<u>76,687</u>	<u>33,555</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 87,171</u>	<u>\$ 45,973</u>

See accompanying notes to financial statements.



## CITY OF ESCANABA, MICHIGAN

LIBRARY FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended June 30, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Local sources:			
County contribution	\$ -	\$ -	\$ -
Penal fines	160.000	184.739	24.739
State grants:			
State aid	21.000	18.809	(2.191)
Fines and forfeitures:			
Book fines	18.500	19.858	1.358
Miscellaneous:			
Contributions from private sources	6.000	9.929	3.929
Interest earnings	3.000	6.467	3.467
Other	1.000	960	(40)
National Endowment Arts Grant	-	5.000	5.000
TOTAL REVENUES	209.500	245.762	36.262
EXPENDITURES:			
Cultural:			
Salaries and wages	244.026	232.895	11.131
Fringe benefits	119.790	118.461	1.329
Supplies	10.900	9.327	1.573
Professional services	29.200	29.483	(283)
Communication	4.600	4.377	223
Transportation	2.150	925	1.225
Printing & publishing	250	205	45
Insurance & bonds	850	810	40
Office rental	61.200	61.200	-
Equipment maintenance	2.600	2.280	320
Equipment rental	2.200	1.964	236
Books, magazines & periodicals	41.500	47.118	(5.618)
Memberships & dues	-	35	(35)
Education and training	500	345	155
NEA Grant expenses	-	4,972	(4,972)
TOTAL EXPENDITURES	519.766	514.397	5.369
EXCESS REVENUES (EXPENDITURES)	(310.266)	(268.635)	41.631
OTHER FINANCING SOURCES (USES):			
Gain (loss) on sale of investments	-	(233)	(233)
Operating transfers in:			
General Fund	312.000	312.000	-
TOTAL OTHER FINANCING SOURCES (USES)	312.000	311.767	(233)
EXCESS REVENUES AND OTHER FINANCING SOURCES	1.734	43.132	41.398
Fund balance, beginning of year	33.555	33.555	-
FUND BALANCE, END OF YEAR	\$ 35.289	\$ 76.687	\$ 41.398

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

HOUSING REHAB FUND  
COMPARATIVE BALANCE SHEET

June 30, 2008 and 2007

	<u>June 30</u>	
	<u>2008</u>	<u>2007</u>
ASSETS:		
Investments, at market	\$ 121.306	\$ 125.028
Receivables:		
Accrued interest	<u>1.240</u>	<u>1.313</u>
TOTAL ASSETS	<u>\$ 122.546</u>	<u>\$ 126.341</u>
FUND BALANCES:		
Unreserved:		
Undesignated	<u>\$ 122.546</u>	<u>\$ 126.341</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

HOUSING REHAB FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended June 30, 2008

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES:			
Miscellaneous:			
Interest earnings	\$ 6.000	\$ 6.001	\$ 1
EXPENDITURES:			
Urban redevelopment and housing:			
Rental rehabilitation	9.675	9.675	-
Administration	<u>500</u>	<u>414</u>	<u>86</u>
TOTAL EXPENDITURES	<u>10.175</u>	<u>10.089</u>	<u>86</u>
EXCESS REVENUES (EXPENDITURES)	(4.175)	(4.088)	87
OTHER FINANCING SOURCES (USES):			
Gain (loss) on sale of investments	<u>-</u>	<u>293</u>	<u>293</u>
EXCESS REVENUES AND OTHER FINANCING SOURCES (EXPENDITURES AND OTHER FINANCING USES)	(4.175)	(3.795)	380
Fund balance, beginning of year	<u>126.341</u>	<u>126.341</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 122.166</u>	<u>\$ 122.546</u>	<u>\$ 380</u>

See accompanying notes to financial statements.

## CITY OF ESCANABA, MICHIGAN

GRANTS FUND  
COMPARATIVE BALANCE SHEET

June 30, 2008 and 2007

	June 30	
	<u>2008</u>	<u>2007</u>
ASSETS:		
Investments, at market	\$ 8	\$ -
Due from other funds:		
General Fund	-	3,000
Due from other governments:		
State of Michigan	104,000	82,851
Local units	-	18,580
TOTAL ASSETS	<u>\$ 104,008</u>	<u>\$ 104,431</u>
LIABILITIES:		
Accounts payable	\$ 25,576	\$ -
Due to other funds:		
Land Development Fund	9,402	-
General Fund	68,368	92,769
Deferred revenue	-	11,000
TOTAL LIABILITIES	<u>103,346</u>	<u>103,769</u>
FUND BALANCES:		
Unreserved:		
Undesignated	<u>662</u>	<u>662</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 104,008</u>	<u>\$ 104,431</u>

See accompanying notes to financial statements.

## CITY OF ESCANABA, MICHIGAN

GRANTS FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended June 30, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Local sources	\$ 97,045	\$ 21,675	\$ (75,370)
State grants	280,200	33,956	(246,244)
Federal sources	61,500	-	(61,500)
Miscellaneous	20,550	20,551	1
TOTAL REVENUES	459,295	76,182	(383,113)
EXPENDITURES:			
Community services:			
North Shore boat launch	2,800	-	2,800
Sandpoint Lighthouse restoration	10,700	10,700	-
North Shore fishing pier	38,250	38,218	32
Wetlands/GIS Project	80,000	51,862	28,138
Soccer field project	334,570	25,000	309,570
Recycling promotion campaign	8,000	8,000	-
Homeland Security turn-out gear	64,800	-	64,800
Printing & publishing	-	-	-
TOTAL EXPENDITURES	539,120	133,780	405,340
EXCESS REVENUES (EXPENDITURES)	(79,825)	(57,598)	22,227
OTHER FINANCING SOURCES:			
Operating transfers in:			
Land Development Fund	76,525	57,598	(18,927)
General Fund	3,300	-	(3,300)
TOTAL OTHER FINANCING SOURCES	79,825	57,598	(22,227)
EXCESS REVENUES AND OTHER FINANCING SOURCES	-	-	-
Fund balance, beginning of year	-	662	662
FUND BALANCE, END OF YEAR	\$ -	\$ 662	\$ 662

See accompanying notes to financial statements.

## CITY OF ESCANABA, MICHIGAN

UDAG/DIAL GRANT FUND  
COMPARATIVE BALANCE SHEET

June 30, 2008 and 2007

	June 30	
	2008	2007
ASSETS:		
Investments, at market	\$ 1,249.627	\$ 1,034.138
Receivables:		
Mortgages, land contracts and other notes	839.190	882.725
Accrued interest	12.547	11.354
Due from other funds:		
Local Street Fund	-	142.874
TOTAL ASSETS	<u>\$ 2,101.364</u>	<u>\$ 2,071.091</u>
LIABILITIES:		
Accounts payable	\$ 138	\$ 14
Due to other funds:		
Water Utility Fund	-	49.155
Waste Water Fund	-	43.179
TOTAL LIABILITIES	<u>138</u>	<u>92.348</u>
FUND BALANCES:		
Reserved for:		
Long term notes receivable	839.190	882.725
Unreserved:		
Undesignated	<u>1,262.036</u>	<u>1,096.018</u>
TOTAL FUND BALANCES	<u>2,101.226</u>	<u>1,978.743</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,101.364</u>	<u>\$ 2,071.091</u>

See accompanying notes to financial statements.



CITY OF ESCANABA, MICHIGAN

UDAG/DIAL GRANT FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended June 30, 2008

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES:			
Miscellaneous:			
Interest earnings	\$ 100.000	\$ 105.087	\$ 5.087
Other	<u>7.500</u>	<u>15.900</u>	<u>8.400</u>
TOTAL REVENUES	<u>107.500</u>	<u>120.987</u>	<u>13.487</u>
EXPENDITURES:			
Urban redevelopment and housing:			
Administration	<u>1.000</u>	<u>960</u>	<u>40</u>
TOTAL EXPENDITURES	<u>1.000</u>	<u>960</u>	<u>40</u>
EXCESS REVENUES (EXPENDITURES)	106.500	120.027	13.527
OTHER FINANCING SOURCES:			
Gain (loss) on sale of investments	<u>-</u>	<u>2.456</u>	<u>2.456</u>
EXCESS REVENUES AND OTHER FINANCING SOURCES (EXPENDITURES)	106.500	122.483	15.983
Fund balance, beginning of year	<u>1,978,743</u>	<u>1,978,743</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 2,085,243</u>	<u>\$ 2,101,226</u>	<u>\$ 15,983</u>

See accompanying notes to financial statements.

## CITY OF ESCANABA, MICHIGAN

E.D.A. REVOLVING LOAN FUND  
COMPARATIVE BALANCE SHEET

June 30, 2008 and 2007

	June 30	
	<u>2008</u>	<u>2007</u>
ASSETS:		
Investments, at market	\$ 637,138	\$ 800,630
Sequestered cash and equivalents	399,977	-
Receivables:		
Mortgages, land contracts and other notes	775,219	920,903
Accrued interest	<u>6,223</u>	<u>8,743</u>
TOTAL ASSETS	<u>\$ 1,818,557</u>	<u>\$ 1,730,276</u>
LIABILITIES:		
Accounts payable	<u>\$ 1,955</u>	<u>\$ -</u>
FUND BALANCES:		
Reserved for:		
Long term notes receivable	775,219	920,903
Revolving loans	<u>1,041,383</u>	<u>809,373</u>
TOTAL FUND BALANCES	<u>1,816,602</u>	<u>1,730,276</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,818,557</u>	<u>\$ 1,730,276</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

E.D.A. REVOLVING LOAN FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended June 30, 2008

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES:			
Miscellaneous:			
Interest earnings	\$ 75.000	\$ 83,373	\$ 8,373
EXPENDITURES:			
Urban redevelopment and housing:			
Administration	2.000	1,789	211
EXCESS REVENUES	73.000	81.584	8.584
OTHER FINANCING SOURCES:			
Gain (loss) on sale of investments	-	4,742	4,742
EXCESS REVENUES AND OTHER FINANCING SOURCES	73.000	86,326	13,326
Fund balance, beginning of year	<u>1,730,276</u>	<u>1,730,276</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,803,276</u>	<u>\$ 1,816,602</u>	<u>\$ 13,326</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

FARMERS HOMES GRANT FUND  
COMPARATIVE BALANCE SHEET

June 30, 2008 and 2007

	<u>June 30</u>	
	<u>2008</u>	<u>2007</u>
ASSETS:		
Investments, at market	\$ 84,626	\$ 80,377
Receivables:		
Accrued interest	<u>872</u>	<u>874</u>
TOTAL ASSETS	<u>\$ 85,498</u>	<u>\$ 81,251</u>
FUND BALANCES:		
Unreserved:		
Undesignated	<u>\$ 85,498</u>	<u>\$ 81,251</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

FARMERS HOMES GRANT FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended June 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Miscellaneous:			
Interest earnings	<u>\$ 3,800</u>	<u>\$ 4,180</u>	<u>\$ 380</u>
EXPENDITURES:			
Economic development:			
Administration	<u>250</u>	<u>100</u>	<u>150</u>
EXCESS REVENUES	3,550	4,080	530
OTHER FINANCING SOURCES:			
Gain (loss) on sale of investments	<u>-</u>	<u>167</u>	<u>167</u>
EXCESS REVENUES AND OTHER FINANCING SOURCES	3,550	4,247	697
Fund balance, beginning of year	<u>81,251</u>	<u>81,251</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 84,801</u>	<u>\$ 85,498</u>	<u>\$ 697</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN  
M.S.C. REVOLVING LOAN FUND II  
COMPARATIVE BALANCE SHEET

June 30, 2008 and 2007

	<u>June 30</u>	
	<u>2008</u>	<u>2007</u>
ASSETS:		
Investments, at market	\$ 307.825	\$ 155.131
Receivables:		
Mortgages, land contracts and other notes	582.804	679.144
Accrued interest	<u>2.892</u>	<u>1.753</u>
TOTAL ASSETS	<u>\$ 893.521</u>	<u>\$ 836.028</u>
FUND BALANCES		
Reserved for:		
Long term notes receivable	\$ 582.804	\$ 679.144
Revolving loans	<u>310.717</u>	<u>156.884</u>
TOTAL FUND BALANCES	<u>\$ 893.521</u>	<u>\$ 836.028</u>

See accompanying notes to financial statements.



CITY OF ESCANABA, MICHIGAN

M.S.C. REVOLVING LOAN FUND II  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended June 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Miscellaneous:			
Interest earnings	<u>\$ 42,000</u>	<u>\$ 57,057</u>	<u>\$ 15,057</u>
EXPENDITURES:			
Urban redevelopment and housing:			
Professional services	<u>2,000</u>	<u>1,010</u>	<u>990</u>
EXCESS REVENUES	40,000	56,047	16,047
OTHER FINANCING SOURCES:			
Gain (loss) on sale of investments	<u>-</u>	<u>1,446</u>	<u>1,446</u>
EXCESS REVENUES AND OTHER FINANCING SOURCES	40,000	57,493	17,493
Fund balance, beginning of year	<u>836,028</u>	<u>836,028</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 876,028</u>	<u>\$ 893,521</u>	<u>\$ 17,493</u>

See accompanying notes to financial statements.

## CITY OF ESCANABA, MICHIGAN

LAND DEVELOPMENT FUND  
COMPARATIVE BALANCE SHEET

June 30, 2008 and 2007

	June 30	
	<u>2008</u>	<u>2007</u>
ASSETS:		
Investments, at market	\$ 1,427,714	\$ 1,437,819
Receivables:		
Accounts, net of bad debt allowance	-	1,093
Accrued interest	14,399	14,716
Due from other funds:		
Grants Fund	9,402	-
Advances to other funds:		
Marina Fund	306,200	313,200
Real estate held for resale	<u>8,200</u>	<u>8,200</u>
TOTAL ASSETS	<u>\$ 1,765,915</u>	<u>\$ 1,775,028</u>
LIABILITIES:		
Accounts payable	<u>\$ 21</u>	<u>\$ -</u>
FUND BALANCES:		
Reserved for:		
Land held for resale	8,200	8,200
Capital improvements	5,299	-
Unreserved:		
Undesignated	<u>1,752,395</u>	<u>1,766,828</u>
TOTAL FUND BALANCES	<u>1,765,894</u>	<u>1,775,028</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,765,915</u>	<u>\$ 1,775,028</u>

See accompanying notes to financial statements.

## CITY OF ESCANABA, MICHIGAN

LAND DEVELOPMENT FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended June 30, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Miscellaneous:			
Interest earnings	\$ 80.000	\$ 87.068	\$ 7.068
Rents	-	4.978	4.978
Sale of property	37.000	37.200	200
Sale of stumpage	34.500	26.496	(8.004)
Sale of sand/topsoil	-	21.466	21.466
TOTAL REVENUES	<u>151.500</u>	<u>177.208</u>	<u>25.708</u>
EXPENDITURES:			
Highways, streets and public works:			
Travel expenses	-	52	(52)
Professional services	12.000	1.049	10.951
Capital outlay	51.650	60.842	(9.192)
Property taxes	10.000	8.871	1.129
Property improvements	5.000	-	5.000
TOTAL EXPENDITURES	<u>78.650</u>	<u>70.814</u>	<u>7.836</u>
EXCESS REVENUES	<u>72.850</u>	<u>106.394</u>	<u>33.544</u>
OTHER FINANCING SOURCES (USES):			
Gain (loss) on sale of investments	-	2.070	2.070
Operating transfers out:			
Grants Fund	(76.525)	(57.598)	18.927
General Fund	(60.000)	(60.000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(136.525)</u>	<u>(115.528)</u>	<u>20.997</u>
EXCESS REVENUES AND OTHER FINANCING SOURCES (EXPENDITURES AND OTHER FINANCING USES)	<u>(63.675)</u>	<u>(9.134)</u>	<u>54.541</u>
Fund balance, beginning of year	<u>1.775.028</u>	<u>1.775.028</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 1.711.353</u>	<u>\$ 1.765.894</u>	<u>\$ 54.541</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

SANITARY LANDFILL FUND  
COMPARATIVE BALANCE SHEET

June 30, 2008 and 2007

	<u>June 30</u>	
	<u>2008</u>	<u>2007</u>
ASSETS:		
Investments, at market	\$ (535)	\$ (751)
Receivables:		
Accounts, net of bad debt allowance	24.382	24.892
Accrued interest	<u>1.376</u>	<u>1.423</u>
TOTAL ASSETS	<u>\$ 25.223</u>	<u>\$ 25.564</u>
LIABILITIES:		
Due to other funds:		
General Fund	<u>\$ 10.543</u>	<u>\$ 10.504</u>
FUND BALANCES:		
Unreserved:		
Undesignated	<u>14.680</u>	<u>15.060</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 25.223</u>	<u>\$ 25.564</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

SANITARY LANDFILL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended June 30, 2008

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES:			
Charges for services:			
Metered sales	\$ 181.000	\$ 180.284	\$ (716)
Miscellaneous:			
Interest earnings	<u>3.500</u>	<u>3.621</u>	<u>121</u>
TOTAL REVENUES	<u>184.500</u>	<u>183.905</u>	<u>(595)</u>
EXPENDITURES:			
Highways, streets and public works:			
Professional services	100	100	-
Uncollectible accounts	<u>100</u>	<u>(78)</u>	<u>178</u>
TOTAL EXPENDITURES	<u>200</u>	<u>22</u>	<u>178</u>
EXCESS REVENUES	<u>184.300</u>	<u>183.883</u>	<u>(417)</u>
OTHER FINANCING SOURCES (USES):			
Gain (loss) on sale of investments	-	216	216
Operating transfers out:			
General Fund	<u>(184.500)</u>	<u>(184.479)</u>	<u>21</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(184.500)</u>	<u>(184.263)</u>	<u>237</u>
EXCESS REVENUES AND OTHER FINANCING SOURCES (EXPENDITURES AND OTHER FINANCING USES)	(200)	(380)	(180)
Fund balance, beginning of year	<u>15.060</u>	<u>15.060</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 14.860</u>	<u>\$ 14.680</u>	<u>\$ (180)</u>

See accompanying notes to financial statements.

ENTERPRISE FUNDS



## CITY OF ESCANABA, MICHIGAN

ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWSFor the year ended June 30, 2008  
with comparative totals for June 30, 2007

	Electric Utility Fund	Water Utility Fund	Waste Water Utility Fund	Marina Fund	Totals	
					2008	2007
CASH FLOWS FROM ACTIVITIES:						
Cash received from customers	\$ 15,474,245	\$ 1,550,182	\$ 1,043,411	\$ 234,943	\$ 18,302,781	\$ 17,553,697
Cash received from other funds for services	-	-	8,803	-	8,803	7,670
Cash payments to suppliers for goods and services	(14,561,223)	(634,053)	(487,878)	(136,672)	(15,819,826)	(14,008,999)
Cash payments to employees for services	(1,034,733)	(719,150)	(434,772)	(59,995)	(2,248,650)	(2,061,289)
Cash payments to other funds for services	(19,671)	(41,460)	(45,201)	(6,895)	(113,227)	(102,724)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(141,382)	155,519	84,363	31,381	129,881	1,388,355
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:						
Net interfund loan transactions	-	-	-	(7,000)	(7,000)	(22,800)
Operating transfers out	(463,624)	(170,491)	(130,783)	-	(764,898)	(463,624)
Operating transfers in	-	49,155	43,179	-	92,334	-
NET CASH PROVIDED (USED) FOR NON-CAPITAL FINANCING ACTIVITIES	(463,624)	(121,336)	(87,604)	(7,000)	(679,564)	(486,424)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:						
Proceeds from revenue bonds	-	2,459,961	-	-	2,459,961	270,007
Contribution of capital assets	1,193	-	-	-	1,193	9,200
Acquisition and construction of capital assets	(1,192,476)	(2,359,597)	(166,393)	-	(3,718,466)	(955,877)
Principal paid on revenue bond maturities	-	(115,000)	(125,000)	(21,605)	(261,605)	(230,000)
Interest paid	-	(79,652)	(24,313)	(15,660)	(119,625)	(105,936)
NET CASH PROVIDED (USED) BY CAPITAL FINANCING ACTIVITIES	(1,191,283)	(94,288)	(315,706)	(37,265)	(1,638,542)	(1,012,606)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Gain (loss) on sale of investments	49,713	2,525	5,727	253	58,218	87,190
Interest received	1,011,207	10,613	118,012	2,655	1,142,487	1,084,488
Rent received	-	24,000	-	-	24,000	27,168
NET CASH PROVIDED BY INVESTING ACTIVITIES	1,060,920	37,138	123,739	2,908	1,224,705	1,198,846
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	(735,369)	(22,967)	(195,208)	(9,976)	(963,520)	1,088,171
Cash and equivalents, beginning of year	18,418,343	376,493	2,542,567	87,008	21,424,411	20,336,240
CASH AND EQUIVALENTS, END OF YEAR	\$ 17,682,974	\$ 353,526	\$ 2,347,359	\$ 77,032	\$ 20,460,891	\$ 21,424,411
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:						
Operating income (loss)	\$ (1,046,269)	\$ 44,397	\$ (140,764)	\$ (20,960)	\$ (1,163,596)	\$ (148,591)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation and amortization	1,032,956	327,196	208,153	62,764	1,631,069	1,361,498
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable	123,104	664	9,536	(2,283)	131,021	(663,955)
(Increase) decrease in inventory	527,887	(7,203)	2,173	(12,009)	510,848	9,054
(Increase) decrease in prepaid expenses	(176,418)	-	-	-	(176,418)	(6,700)
Increase (decrease) in accounts payable	(611,153)	(201,380)	1,999	3,869	(806,665)	790,425
Increase (decrease) in accruals and deferrals	(2,444)	(8,155)	3,266	-	(7,333)	24,988
Increase (decrease) in customer deposits	10,955	-	-	-	10,955	21,636
Total adjustments	904,887	111,122	225,127	52,341	1,293,477	1,536,946
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (141,382)	\$ 155,519	\$ 84,363	\$ 31,381	\$ 129,881	\$ 1,388,355

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN  
ELECTRIC UTILITY FUND  
COMPARATIVE STATEMENT OF NET ASSETS

June 30, 2008 and 2007

	<u>June 30</u>	
	<u>2008</u>	<u>2007</u>
ASSETS:		
Current assets:		
Cash	\$ 965	\$ 413
Investments, at market	17,682,009	18,417,930
Receivables:		
Accounts	2,192,768	2,315,872
Accrued interest	184,190	203,916
Inventories, net of obsolescence allowance	2,084,288	2,612,175
Prepaid expenses	<u>374,122</u>	<u>197,704</u>
Total current assets	<u>22,518,342</u>	<u>23,748,010</u>
Property, plant and equipment	29,800,941	28,625,677
Less accumulated depreciation	<u>(21,952,583)</u>	<u>(20,936,839)</u>
Total property, plant and equipment	<u>7,848,358</u>	<u>7,688,838</u>
TOTAL ASSETS	<u>\$ 30,366,700</u>	<u>\$ 31,436,848</u>
LIABILITIES:		
Current liabilities:		
Accounts payable	\$ 396,129	\$ 1,007,282
Customer deposits	202,950	191,995
Accrued salaries, wages and fringes	<u>85,640</u>	<u>88,084</u>
Total current liabilities	<u>684,719</u>	<u>1,287,361</u>
NET ASSETS:		
Invested in capital assets, net of related debt	7,848,358	7,688,838
Unrestricted	<u>21,833,623</u>	<u>22,460,649</u>
TOTAL NET ASSETS	<u>29,681,981</u>	<u>30,149,487</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 30,366,700</u>	<u>\$ 31,436,848</u>

See accompanying notes to financial statements.

## CITY OF ESCANABA, MICHIGAN

ELECTRIC UTILITY FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS

For the years ended June 30, 2008 and 2007

	June 30	
	2008	2007
OPERATING REVENUES:		
Charges for services:		
Residential sales	\$ 3,487,177	\$ 3,569,619
Hot water sales	35,183	38,166
Electric heat sales	30,671	34,207
Commercial sales	4,261,834	4,612,924
Industrial sales	5,030,616	5,039,184
Municipal rate sales	560,912	579,514
Street lighting	156,918	161,441
Fuel surcharge	-	(2)
Interchange revenue	1,653,920	1,297,247
Connection charges	19,486	18,892
Dusk to dawn lighting	51,444	53,868
Miscellaneous revenues	52,025	53,413
TOTAL OPERATING REVENUES	<u>15,340,186</u>	<u>15,458,473</u>
OPERATING EXPENSES:		
Production	13,574,318	12,944,184
Transmission and distribution	418,835	371,524
Customer service	26,646	29,087
Administrative and general	837,989	925,000
Provision for depreciation	1,032,956	851,985
Overhead to utilities	495,711	436,541
TOTAL OPERATING EXPENSES	<u>16,386,455</u>	<u>15,558,321</u>
OPERATING INCOME (LOSS)	<u>(1,046,269)</u>	<u>(99,848)</u>
NON-OPERATING REVENUES (EXPENSES):		
Gain (loss) on sale of investments	49,713	77,208
Interest earnings	991,481	977,143
Operating transfers out:		
General Fund	(463,624)	(463,624)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>577,570</u>	<u>590,727</u>
CHANGE IN NET ASSETS	(468,699)	490,879
Net assets, beginning of year	30,149,487	29,649,408
Add: Contribution capital	<u>1,193</u>	<u>9,200</u>
NET ASSETS, END OF YEAR	<u>\$ 29,681,981</u>	<u>\$ 30,149,487</u>

See accompanying notes to financial statements.

## CITY OF ESCANABA, MICHIGAN

ELECTRIC UTILITY FUND  
COMPARATIVE STATEMENT OF CASH FLOWSFor the year ended June 30, 2008  
with comparative totals for June 30, 2007

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$15,474,245	\$14,834,608
Cash payments to suppliers for goods and services	(14,561,223)	(13,120,204)
Cash payments to employees for services	(1,034,733)	(933,543)
Cash payments to other funds for services	(19,671)	(19,505)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(141,382)</u>	<u>761,356</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Repayment of interfund loans	-	12,292
Operating transfers out	(463,624)	(463,624)
NET CASH USED FOR NON-CAPITAL FINANCING ACTIVITIES	<u>(463,624)</u>	<u>(451,332)</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Contribution of capital assets	1,193	9,200
Acquisition and construction of capital assets	(1,192,476)	(248,525)
NET CASH USED BY CAPITAL FINANCING ACTIVITIES	<u>(1,191,283)</u>	<u>(239,325)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Gain (loss) on sale of investments	49,713	77,208
Interest received	1,011,207	947,249
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>1,060,920</u>	<u>1,024,457</u>
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	(735,369)	1,095,156
Cash and equivalents, beginning of year	<u>18,418,343</u>	<u>17,323,187</u>
CASH AND EQUIVALENTS, END OF YEAR	<u>\$17,682,974</u>	<u>\$18,418,343</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income (loss)	<u>\$(1,046,269)</u>	<u>\$ (99,848)</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	1,032,956	851,985
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	123,104	(645,501)
(Increase) decrease in inventories	527,887	2,750
(Increase) decrease in prepaid expenses	(176,418)	(6,700)
Increase (decrease) in accounts payable	(611,153)	638,977
Increase (decrease) in accruals	(2,444)	(1,943)
Increase (decrease) in customer deposits	10,955	21,636
Total adjustments	<u>904,887</u>	<u>861,204</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ (141,382)</u>	<u>\$ 761,356</u>

See accompanying notes to financial statements.

## CITY OF ESCANABA, MICHIGAN

ELECTRIC UTILITY FUND  
COMPARATIVE SCHEDULE OF OPERATING EXPENSES

For the years ended June 30, 2008 and 2007

	June 30		Increase (Decrease)
	2008	2007	
OPERATING EXPENSES:			
Production:			
Equipment rental	\$ -	\$ 880	\$ (880)
Power purchased	12,047,163	11,621,308	425,855
Standby power	1,219,460	1,003,700	215,760
Production expense	235,071	248,681	(13,610)
Management fees	40,837	38,848	1,989
Dispatching fees	31,787	30,767	1,020
Total production	<u>\$ 13,574,318</u>	<u>\$ 12,944,184</u>	<u>\$ 630,134</u>
Transmission and distribution:			
Supplies	\$ 55	\$ 4,695	\$ (4,640)
Equipment rental	3,010	352	2,658
Building maintenance	224	200	24
Equipment maintenance	-	1,325	(1,325)
Pole painting	6,668	7,728	(1,060)
Operation of lines	131,923	110,222	21,701
Services on customer premises	7,988	5,949	2,039
Maintenance of equipment:			
Station equipment	9,370	9,396	(26)
Overhead system	96,870	82,998	13,872
Line transformers and devices	12,055	10,510	1,545
Services	39,060	32,368	6,692
Meters	50,303	52,435	(2,132)
Street lighting system	44,024	44,957	(933)
Underground system	13,309	5,522	7,787
Miscellaneous	3,976	2,867	1,109
Total transmission and distribution	<u>\$ 418,835</u>	<u>\$ 371,524</u>	<u>\$ 47,311</u>
Customer service:			
Salaries and wages	\$ 17,175	\$ 17,907	\$ (732)
Equipment rental	9,471	11,180	(1,709)
Total customer service	<u>\$ 26,646</u>	<u>\$ 29,087</u>	<u>\$ (2,441)</u>
Administrative and general:			
Salaries and wages	\$ 369,076	\$ 352,944	\$ 16,132
Fringe benefits	150,327	124,208	26,119
Bank service charges	923	-	923
Supplies	2,683	3,197	(514)
Clothing supplies	3,500	3,441	59
Building supplies	1,737	1,334	403
Inventory management	10,582	7,893	2,689
Professional services	73,626	259,310	(185,684)
Transportation	2,967	486	2,481
Printing & publishing	805	302	503
Insurance & bonds	87,725	22,314	65,411
Public utilities	29,816	30,401	(585)
Capital outlay	387	-	387
Building maintenance	24,363	32,382	(8,019)
Equipment maintenance	4,865	3,382	1,483
Equipment rental	7,190	7,093	97
Books, magazines & periodicals	374	460	(86)
Memberships & dues	19,340	20,668	(1,328)
Education and training	23,926	31,110	(7,184)
Provision for uncollectible accounts	(6,155)	(2,005)	(4,150)
Promotions	29,867	26,080	3,787
Miscellaneous	65	-	65
Total administrative and general	<u>\$ 837,989</u>	<u>\$ 925,000</u>	<u>\$ (87,011)</u>

See accompanying notes to financial statements.

## CITY OF ESCANABA, MICHIGAN

ELECTRIC UTILITY FUND  
SCHEDULE OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT

For the year ended June 30, 2008

	Balance 06/30/07	Additions	Retirements, Dispositions and Transfers	Balance 06/30/08
Operating plant:				
Structure and improvements	\$ 5,184,197	\$ 1,000,577	\$ -	\$ 6,184,774
Boiler plant equipment	1,467,166	-	-	1,467,166
Turbo generator units	1,315,044	-	-	1,315,044
Accessory work equipment	511,583	-	-	511,583
Miscellaneous power plant equipment	631,938	-	-	631,938
Office equipment power plant	275	-	-	275
Peaking generator	4,615,573	-	-	4,615,573
Pollution equipment	3,338,019	-	-	3,338,019
	<u>17,063,795</u>	<u>1,000,577</u>	<u>-</u>	<u>18,064,372</u>
Transmission system:				
Land clearing and right-of-way	65,432	-	-	65,432
Structures and improvements	488,869	-	-	488,869
Station equipment	698,195	-	-	698,195
Poles and fixtures	12,630	-	-	12,630
	<u>1,265,126</u>	<u>-</u>	<u>-</u>	<u>1,265,126</u>
Distribution system:				
Land and land rights	49,480	-	-	49,480
Structures and improvements	47,323	-	-	47,323
Station equipment	249,385	-	-	249,385
Poles, towers and fixtures	1,151,582	2,753	9,112	1,145,223
Overhead conductors and devices	1,128,523	4,464	-	1,132,987
Underground conduits	616,438	20,200	-	636,638
Underground conductors	784,928	21,623	-	806,551
Line transformers	1,888,623	109,091	2,000	1,995,714
New services	692,077	3,928	-	696,005
Meters	508,886	10,170	6,100	512,956
Installation on customer premises	74,360	551	-	74,911
Street lighting	740,822	2,201	-	743,023
Office equipment	95,840	-	-	95,840
Transportation equipment	567,045	-	-	567,045
Laboratory equipment	96,078	-	-	96,078
Electric building	1,451,274	7,779	-	1,459,053
Miscellaneous tools	78,723	5,550	-	84,273
Miscellaneous equipment	51,722	-	-	51,722
	<u>10,273,109</u>	<u>188,310</u>	<u>17,212</u>	<u>10,444,207</u>
Construction in progress	<u>23,647</u>	<u>4,790</u>	<u>1,201</u>	<u>27,236</u>
TOTALS	<u>\$28,625,677</u>	<u>\$ 1,193,677</u>	<u>\$ 18,413</u>	<u>\$29,800,941</u>

See accompanying notes to financial statements.



CITY OF ESCANABA, MICHIGAN  
WATER UTILITY FUND  
COMPARATIVE STATEMENT OF NET ASSETS

June 30, 2008 and 2007

	<u>June 30</u>	
	<u>2008</u>	<u>2007</u>
ASSETS:		
Current assets:		
Investments, at market	\$ 228.183	\$ 258.712
Receivables:		
Accounts	202.405	203.069
Accrued interest	3.542	4.659
Due from other funds	-	49.155
Due from other governments	-	428.018
Chemical inventory	17.315	7.987
Inventories, net of obsolescence allowance	<u>78.993</u>	<u>81.118</u>
Total current assets	<u>530.438</u>	<u>1,032.718</u>
Restricted assets:		
Operation and maintenance account:		
Equity in pooled cash and investments	<u>125.343</u>	<u>117.781</u>
Property, plant and equipment	16,682.012	14,323.605
Less accumulated depreciation	<u>(5,436.518)</u>	<u>(5,110.512)</u>
Net property, plant and equipment	<u>11,245.494</u>	<u>9,213.093</u>
TOTAL ASSETS	<u>\$ 11,901,275</u>	<u>\$ 10,363,592</u>
LIABILITIES:		
Current liabilities:		
Accounts payable	\$ 31.619	\$ 232.999
Accrued salaries, wages and fringes	81.321	90.476
Accrued interest payable	29.322	15.094
Due to other funds	-	170.491
Deferred revenue	1.000	-
Bonds payable:		
Current portion of revenue bonds	<u>240.000</u>	<u>115.000</u>
Total current liabilities	<u>383.262</u>	<u>624.060</u>
Long-term liabilities:		
Bonds payable	<u>4,789.969</u>	<u>2,998.025</u>
TOTAL LIABILITIES	<u>5,173.231</u>	<u>3,622.085</u>
NET ASSETS:		
Invested in capital assets, net of related debt	6,215.525	5,929.577
Unrestricted	387.176	694.149
Restricted:		
Revenue bond indentures	<u>125.343</u>	<u>117.781</u>
TOTAL NET ASSETS:	<u>6,728.044</u>	<u>6,741.507</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 11,901,275</u>	<u>\$ 10,363,592</u>

See accompanying notes to financial statements.

## CITY OF ESCANABA, MICHIGAN

WATER UTILITY FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS

For the years ended June 30, 2008 and 2007

	June 30	
	2008	2007
OPERATING REVENUES:		
Charges for services:		
Metered sales	\$ 1,410,010	\$ 1,312,741
Flat rate sales	20,801	8,708
Hydrant rental	77,526	76,305
Reconnection fees	5,087	3,813
Miscellaneous revenues	35,094	17,456
TOTAL OPERATING REVENUES	<u>1,548,518</u>	<u>1,419,023</u>
OPERATING EXPENSES:		
Production	303,417	289,971
Transmission and distribution	164,728	190,502
Customer service	30,029	38,094
Administrative and general	508,311	501,120
Provision for depreciation	327,196	244,339
Overhead to utilities	170,440	149,355
TOTAL OPERATING EXPENSES	<u>1,504,121</u>	<u>1,413,381</u>
OPERATING INCOME	<u>44,397</u>	<u>5,642</u>
NON-OPERATING REVENUES (EXPENSES):		
Gain (loss) on sale of investments	2,525	2,237
Rent received	24,000	27,168
Interest earnings	9,495	22,742
Interest expense	(93,880)	(61,095)
Operating transfers in:		
UDAG/DIAL Grant Fund	-	49,155
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(57,860)</u>	<u>40,207</u>
CHANGE IN NET ASSETS	<u>(13,463)</u>	<u>45,849</u>
Net assets, beginning of year	<u>6,741,507</u>	<u>6,695,658</u>
NET ASSETS, END OF YEAR	<u>\$ 6,728,044</u>	<u>\$ 6,741,507</u>

See accompanying notes to financial statements.

## CITY OF ESCANABA, MICHIGAN

WATER UTILITY FUND  
COMPARATIVE STATEMENT OF CASH FLOWSFor the year ended June 30, 2008  
with comparative totals for June 30, 2007

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers for services	\$ 1,550.182	\$ 1,399,786
Cash payments to suppliers for goods and services	(634.053)	(324,607)
Cash payments to employees for services	(719.150)	(625,252)
Cash payments to other funds for services	<u>(41.460)</u>	<u>(45,051)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>155.519</u>	<u>404,876</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Operating transfers in	49.155	-
Operating transfers out	<u>(170.491)</u>	<u>-</u>
NET CASH USED BY NON-CAPITAL FINANCING ACTIVITIES	<u>(121.336)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(2,359.597)	(707,352)
Principal paid on revenue bond maturities	(115.000)	(115,000)
Interest paid on bonds	(79.652)	(61,813)
Proceeds from revenue bonds	<u>2,459.961</u>	<u>270,007</u>
NET CASH PROVIDED (USED) BY CAPITAL FINANCING ACTIVITIES	<u>(94,288)</u>	<u>(614,158)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Gain (loss) on sale of investments	2.525	2,237
Interest received	10.613	22,740
Rent received	<u>24.000</u>	<u>27,168</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>37.138</u>	<u>52,145</u>
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	(22.967)	(157.137)
Cash and equivalents, beginning of year	<u>376.493</u>	<u>533.630</u>
CASH AND EQUIVALENTS, END OF YEAR	<u>\$ 353.526</u>	<u>\$ 376.493</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 44,397	\$ 5,642
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	327.196	244,339
Changes in assets and liabilities:		
(Increase) decrease in receivables	664	(19,237)
(Increase) decrease in inventories	(7,203)	7,176
Increase (decrease) in accounts payable	(201,380)	155,705
Increase (decrease) in accruals	<u>(8,155)</u>	<u>11,251</u>
Total adjustments	<u>111.122</u>	<u>399,234</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 155.519</u>	<u>\$ 404,876</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

**WATER UTILITY FUND  
COMPARATIVE SCHEDULE OF OPERATING EXPENSES**

For the years ended June 30, 2008 and 2007

	<u>June 30</u>		<u>Increase (Decrease)</u>
	<u>2008</u>	<u>2007</u>	
OPERATING EXPENSES:			
Production:			
Salaries and wages	\$ 175,484	\$ 175,408	\$ 76
Plant chemicals	89,050	77,228	11,822
Laboratory chemicals and supplies	16,070	16,859	(789)
Professional services	-	7,369	(7,369)
Diesel fuel	1,704	708	996
Repairs to structure - labor	248	27	221
Repairs to structures - supplies	1,861	112	1,749
Repairs to equipment - portable	18,808	11,739	7,069
Repairs to tanks	89	257	(168)
Equipment rental - maintenance of equipment	103	264	(161)
Total production	<u>\$ 303,417</u>	<u>\$ 289,971</u>	<u>\$ 13,446</u>
Transmission and distribution:			
Labor	\$ 122,554	\$ 125,870	\$ (3,316)
Supplies	9,134	29,291	(20,157)
Equipment rental	33,040	35,341	(2,301)
Total transmission and distribution	<u>\$ 164,728</u>	<u>\$ 190,502</u>	<u>\$ (25,774)</u>
Customer service:			
Labor	\$ 19,834	\$ 25,600	\$ (5,766)
Supplies	2,049	1,851	198
Thawing water services	1,521	2,831	(1,310)
Equipment rental	6,625	7,812	(1,187)
Total customer service	<u>\$ 30,029</u>	<u>\$ 38,094</u>	<u>\$ (8,065)</u>
Administrative and general:			
Salaries and wages	\$ 111,328	\$ 104,235	\$ 7,093
Telephone	5,589	4,785	804
Overhead on salaries and wages	110,355	105,094	5,261
Life and hospital insurance	96,354	100,296	(3,942)
Supplies - miscellaneous	1,355	1,681	(326)
Office supplies	1,221	792	429
Building supplies	1,070	811	259
Professional services	648	608	40
Special services	6,594	9,126	(2,532)
Miss Dig	12,063	11,500	563
Travel expense, auto allowance	2,256	2,208	48
Printing and publishing	3,092	2,869	223
Insurance and bonds	16,607	15,677	930
Utilities - electric	85,939	90,173	(4,234)
Utilities - gas	36,991	36,452	539
Utilities - wastewater	8,803	7,670	1,133
Repairs to structures	391	800	(409)
Repairs to equipment	668	993	(325)
Rental of equipment	1,692	1,634	58
Uncollectible accounts	(626)	(179)	(447)
Memberships and dues	493	453	40
Education and training	5,024	3,293	1,731
Books, magazines and periodicals	-	149	(149)
Capital outlay	404	-	404
Total administrative and general	<u>\$ 508,311</u>	<u>\$ 501,120</u>	<u>\$ 7,191</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

WATER UTILITY FUND  
SCHEDULE OF BOND PRINCIPAL AND INTEREST MATURITIES

June 30, 2008

CITY OF ESCANABA DRINKING WATER PROGRAM  
PROJECT #7204-01 - ISSUED MARCH 29, 2007

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
October 1, 2008	\$ 120,000	\$ 29.892	\$ 149.892
April 1, 2009	-	30.069	30.069
October 1, 2009	120,000	30.069	150.069
April 1, 2010	-	28.794	28.794
October 1, 2010	125,000	28.794	153.794
April 1, 2011	-	27.466	27.466
October 1, 2011	125,000	27.466	152.466
April 1, 2012	-	26.137	26.137
October 1, 2012	130,000	26.137	156.137
April 1, 2013	-	24.756	24.756
October 1, 2013	135,000	24.756	159.756
April 1, 2014	-	23.322	23.322
October 1, 2014	135,000	23.322	158.322
April 1, 2015	-	21.887	21.887
October 1, 2015	140,000	21.887	161.887
April 1, 2016	-	20.400	20.400
October 1, 2016	140,000	20.400	160.400
April 1, 2017	-	18.912	18.912
October 1, 2017	145,000	18.912	163.912
April 1, 2018	-	17.372	17.372
October 1, 2018	150,000	17.372	167.372
April 1, 2019	-	15.778	15.778
October 1, 2019	150,000	15.778	165.778
April 1, 2020	-	14.184	14.184
October 1, 2020	155,000	14.184	169.184
April 1, 2021	-	12.537	12.537
October 1, 2021	160,000	12.538	172.538
April 1, 2022	-	10.838	10.838
October 1, 2022	160,000	10.838	170.838
April 1, 2023	-	9.138	9.138
October 1, 2023	165,000	9.138	174.138
April 1, 2024	-	7.384	7.384
October 1, 2024	170,000	7.384	177.384
April 1, 2025	-	5.578	5.578
October 1, 2025	170,000	5.578	175.578
April 1, 2026	-	3.772	3.772
October 1, 2026	175,000	3.772	178.772
April 1, 2027	-	1.913	1.913
October 1, 2027	180,000	1.913	181.913
	<u>\$2,950,000</u>	<u>\$ 670,367</u>	<u>\$3,620,367</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

WATER UTILITY FUND  
SCHEDULE OF BOND PRINCIPAL AND INTEREST MATURITIES

June 30, 2008

CITY OF ESCANABA DRINKING WATER PROGRAM  
PROJECT #7009-01 - ISSUED JUNE 27, 2002

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
October 1, 2008	\$ 120.000	\$ 28.750	\$ 148.750
April 1, 2009	-	27.250	27.250
October 1, 2009	120.000	27.250	147.250
April 1, 2010	-	25.750	25.750
October 1, 2010	125.000	25.750	150.750
April 1, 2011	-	24.187	24.187
October 1, 2011	130.000	24.187	154.187
April 1, 2012	-	22.563	22.563
October 1, 2012	130.000	22.563	152.563
April 1, 2013	-	20.937	20.937
October 1, 2013	135.000	20.937	155.937
April 1, 2014	-	19.250	19.250
October 1, 2014	135.000	19.250	154.250
April 1, 2015	-	17.563	17.563
October 1, 2015	140.000	17.563	157.563
April 1, 2016	-	15.812	15.812
October 1, 2016	145.000	15.812	160.812
April 1, 2017	-	14.000	14.000
October 1, 2017	150.000	14.000	164.000
April 1, 2018	-	12.125	12.125
October 1, 2018	150.000	12.125	162.125
April 1, 2019	-	10.250	10.250
October 1, 2019	155.000	10.250	165.250
April 1, 2020	-	8.313	8.313
October 1, 2020	160.000	8.313	168.313
April 1, 2021	-	6.312	6.312
October 1, 2021	165.000	6.312	171.312
April 1, 2022	-	4.250	4.250
October 1, 2022	170.000	4.250	174.250
April 1, 2023	-	2.125	2.125
October 1, 2023	170.000	2.125	172.125
	<u>\$2,300,000</u>	<u>\$ 490.124</u>	<u>\$2,790.124</u>

See accompanying notes to financial statements.



## CITY OF ESCANABA, MICHIGAN

WATER UTILITY FUND  
SCHEDULE OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT

For the year ended June 30, 2008

	Balance 06/30/07	Additions	Retirements and Transfers	Balance 06/30/08
Land	\$ 5,600	\$ -	\$ -	\$ 5,600
Filter plant	6,219,834	2,813,100	-	9,032,934
Water towers	556,356	207,693	-	764,049
Lake intake	9,947	-	-	9,947
Fountain	4,410	-	-	4,410
Wells	76,068	-	-	76,068
Electric pumping equipment	188,426	-	-	188,426
Purification system	77,805	-	-	77,805
Transmission mains	572,019	-	-	572,019
Distribution mains	5,031,920	171,063	-	5,202,983
Meters	374,864	23,009	-	397,873
Hydrants	83,562	-	-	83,562
Office furniture and equipment	77,939	4,575	1,190	81,324
Laboratory equipment	38,242	4,178	-	42,420
Miscellaneous equipment	16,799	-	-	16,799
Tools and works equipment	<u>121,300</u>	<u>4,493</u>	<u>-</u>	<u>125,793</u>
Subtotal	13,455,091	3,228,111	1,190	16,682,012
Construction in progress	<u>868,514</u>	<u>-</u>	<u>868,514</u>	<u>-</u>
TOTALS	<u>\$14,323,605</u>	<u>\$ 3,228,111</u>	<u>\$ 869,704</u>	<u>\$16,682,012</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN  
WASTE WATER UTILITY FUND  
COMPARATIVE STATEMENT OF NET ASSETS

June 30, 2008 and 2007

	<u>June 30</u>	
	<u>2008</u>	<u>2007</u>
ASSETS:		
Current assets:		
Investments, at market	\$ 2,112,889	\$ 2,313,833
Receivables:		
Accounts	133,010	142,546
Accrued interest	23,804	26,148
Due from other funds:		
UDAG/DIAL Grant Fund	-	43,179
Chemical inventory	<u>4,257</u>	<u>6,430</u>
Total current assets	<u>2,273,960</u>	<u>2,532,136</u>
Restricted assets:		
Operation and maintenance account:		
Equity in pooled cash and investments	98,620	92,884
Replacement account:		
Equity in pooled cash and investments	50,000	50,000
Bond reserve account:		
Investments, at market	<u>85,850</u>	<u>85,850</u>
Total restricted assets	<u>234,470</u>	<u>228,734</u>
Property, plant and equipment	11,913,253	11,748,810
Less accumulated depreciation	<u>(5,245,208)</u>	<u>(5,039,005)</u>
Net property, plant and equipment	<u>6,668,045</u>	<u>6,709,805</u>
TOTAL ASSETS	<u>\$ 9,176,475</u>	<u>\$ 9,470,675</u>
LIABILITIES:		
Current liabilities:		
Accounts payable	\$ 4,155	\$ 2,156
Accrued salaries, wages and fringes	98,265	94,999
Accrued interest payable	5,750	6,407
Due to other funds:		
Local Street Fund	-	130,783
Payable from restricted assets:		
Current portion of revenue bonds	<u>125,000</u>	<u>125,000</u>
Total current liabilities	<u>233,170</u>	<u>359,345</u>
Long-term liabilities:		
Revenue bonds payable	<u>950,000</u>	<u>1,075,000</u>
TOTAL LIABILITIES	<u>1,183,170</u>	<u>1,434,345</u>
NET ASSETS:		
Invested in capital assets, net of related debt	5,593,045	5,379,022
Unrestricted	2,165,790	2,428,574
Restricted:		
Revenue bond indentures	<u>234,470</u>	<u>228,734</u>
TOTAL NET ASSETS	<u>7,993,305</u>	<u>8,036,330</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 9,176,475</u>	<u>\$ 9,470,675</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN  
WASTE WATER UTILITY FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS

For the years ended June 30, 2008 and 2007

	<u>June 30</u>	
	<u>2008</u>	<u>2007</u>
OPERATING REVENUES:		
Charges for services:		
Metered sales	\$ 1,010,477	\$ 1,054,197
Interdepartmental sales	8,803	7,670
Reconnection fees	1,605	1,922
Miscellaneous revenues	<u>21,793</u>	<u>8,312</u>
TOTAL OPERATING REVENUES	<u>1,042,678</u>	<u>1,072,101</u>
OPERATING EXPENSES:		
Production	312,723	301,467
Transmission and distribution	82,003	58,134
Station	18,961	18,646
Customer service	19,869	23,773
Administrative and general	379,524	367,369
Provision for depreciation	208,153	202,562
Overhead to utilities	<u>162,209</u>	<u>142,662</u>
TOTAL OPERATING EXPENSES	<u>1,183,442</u>	<u>1,114,613</u>
OPERATING INCOME (LOSS)	<u>(140,764)</u>	<u>(42,512)</u>
NON-OPERATING REVENUES (EXPENSES):		
Gain (loss) on sale of investments	5,727	7,524
Interest earnings	115,668	116,419
Interest expense	(23,656)	(26,228)
Operating transfers in:		
UDAG/DIAL Grant Fund	<u>-</u>	<u>43,179</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>97,739</u>	<u>140,894</u>
CHANGE IN NET ASSETS	(43,025)	98,382
Net assets, beginning of year	<u>8,036,330</u>	<u>7,937,948</u>
NET ASSETS, END OF YEAR	<u>\$ 7,993,305</u>	<u>\$ 8,036,330</u>

See accompanying notes to financial statements.

## CITY OF ESCANABA, MICHIGAN

WASTE WATER UTILITY FUND  
COMPARATIVE STATEMENT OF CASH FLOWSFor the year ended June 30, 2008  
with comparative totals for June 30, 2007

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers for services	\$ 1,043,411	\$ 1,065,836
Cash received from other funds for services	8,803	7,670
Cash payments to suppliers for goods and services	(487,878)	(427,644)
Cash payments to employees for services	(434,772)	(443,769)
Cash payments to other funds for services	(45,201)	(30,652)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>84,363</u>	<u>171,441</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Operating transfers in	43,179	-
Operating transfers out	(130,783)	-
NET CASH FLOWS USED BY NON-CAPITAL FINANCING ACTIVITIES	<u>(87,604)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(166,393)	-
Principal paid on revenue bond maturities	(125,000)	(115,000)
Interest paid on revenue bonds	(24,313)	(26,831)
NET CASH USED FOR CAPITAL FINANCING ACTIVITIES	<u>(315,706)</u>	<u>(141,831)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Gain (loss) on sale of investments	5,727	7,524
Interest received	118,012	111,598
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>123,739</u>	<u>119,122</u>
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	(195,208)	148,732
Cash and equivalents, beginning of year	<u>2,542,567</u>	<u>2,393,835</u>
CASH AND EQUIVALENTS, END OF YEAR	<u>\$ 2,347,359</u>	<u>\$ 2,542,567</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ (140,764)	\$ (42,512)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation & amortization	208,153	202,562
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	9,536	1,405
(Increase) decrease in chemical inventory and prepaids	2,173	(2,433)
Increase (decrease) in accounts payable	1,999	(3,261)
Increase (decrease) in accruals	3,266	15,680
Total adjustments	<u>225,127</u>	<u>213,953</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 84,363</u>	<u>\$ 171,441</u>

See accompanying notes to financial statements.

## CITY OF ESCANABA, MICHIGAN

WASTE WATER UTILITY FUND  
COMPARATIVE SCHEDULE OF OPERATING EXPENSES

For the years ended June 30, 2008 and 2007

	June 30		Increase (Decrease)
	2008	2007	
OPERATING EXPENSES:			
Production:			
Salaries and wages	\$ 150,606	\$ 161,256	\$ (10,650)
Supplies - miscellaneous	970	-	970
Plant chemicals	32,293	30,412	1,881
Laboratory chemicals and supplies	3,947	4,071	(124)
NPDES and permit testing	11,713	9,166	2,547
Sludge hauling	24,777	16,826	7,951
Sludge fee	2,052	2,121	(69)
Diesel fuel	983	660	323
Repairs to structure - labor	7,685	5,569	2,116
Repairs to structures - supplies	290	225	65
Repairs to equipment - outside vendors	2,119	1,295	824
Repairs to equipment - labor	52,724	47,220	5,504
Repairs to equipment - supplies	20,908	21,234	(326)
Rental of equipment	1,656	1,412	244
Total production	<u>\$ 312,723</u>	<u>\$ 301,467</u>	<u>\$ 11,256</u>
Transmission and distribution:			
Salaries and wages	\$ 19,101	\$ 23,181	\$ (4,080)
Fringe benefits	-	28	(28)
Supplies - miscellaneous	236	72	164
Repairs to structures - supplies	25,197	11,472	13,725
Repairs to equipment	17	-	17
Rental of equipment	34,111	20,218	13,893
Repairs to structure - inspection	3,341	3,163	178
Total transmission and distribution	<u>\$ 82,003</u>	<u>\$ 58,134</u>	<u>\$ 23,869</u>
Station:			
Salaries and wages	\$ 10,491	\$ 9,737	\$ 754
Repairs to structures - supplies	-	44	(44)
Repairs to equipment - labor	2,156	2,619	(463)
Repairs to equipment - supplies	699	696	3
Rental of equipment	5,615	5,550	65
Total station	<u>\$ 18,961</u>	<u>\$ 18,646</u>	<u>\$ 315</u>
Customer service:			
Rental of equipment	\$ 2,639	\$ 2,399	\$ 240
Labor - metering and servicing	17,230	21,374	(4,144)
Total customer service	<u>\$ 19,869</u>	<u>\$ 23,773</u>	<u>\$ (3,904)</u>
Administrative and general:			
Salaries and wages	\$ 78,401	\$ 82,622	\$ (4,221)
Printing and publishing	171	289	(118)
Telephone	3,801	3,282	519
Overhead on salaries and wages	90,566	85,617	4,949
Life and hospital insurance	83,590	75,634	7,956
Supplies - miscellaneous	215	52	163
Office supplies	849	390	459
Building supplies	522	736	(214)
Professional services	298	1,888	(1,590)
Special services	429	415	14
Miss Dig	294	290	4
Travel expense, auto allowance	1,339	1,236	103
Insurance and bonds	17,474	17,038	436
Utilities - electric	80,950	82,813	(1,863)

See accompanying notes to financial statements.

## CITY OF ESCANABA, MICHIGAN

WASTE WATER UTILITY FUND  
COMPARATIVE SCHEDULE OF OPERATING EXPENSES

For the years ended June 30, 2008 and 2007

	June 30		Increase (Decrease)
	2008	2007	
Utilities - gas	\$ 12,568	\$ 8,967	\$ 3,601
Repairs to equipment	2,942	2,846	96
Rental of equipment	1,180	1,073	107
Uncollectible accounts	(418)	(138)	(280)
Memberships and dues	338	308	30
Education and training	3,954	2,011	1,943
Damage to private property	61	-	61
Total administrative and general	<u>\$ 379,524</u>	<u>\$ 367,369</u>	<u>\$ 12,155</u>

See accompanying notes to financial statements.



CITY OF ESCANABA, MICHIGAN  
WASTE WATER UTILITY FUND  
SCHEDULE OF BOND PRINCIPAL AND INTEREST MATURITIES

June 30, 2008

CITY OF ESCANABA SEWAGE DISPOSAL SYSTEM REVENUE BOND  
PROJECT #5149-01 ISSUED SEPTEMBER 29, 1998

		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
October 1, 2008	2.25%	\$ 50.000	\$ 6.750	\$ 56.750
April 1, 2009	2.25%	-	6.188	6.188
October 1, 2009	2.25%	50.000	6.187	56.187
April 1, 2010	2.25%	-	5.625	5.625
October 1, 2010	2.25%	50.000	5.625	55.625
April 1, 2011	2.25%	-	5.063	5.063
October 1, 2011	2.25%	50.000	5.062	55.062
April 1, 2012	2.25%	-	4.500	4.500
October 1, 2012	2.25%	55.000	4.500	59.500
April 1, 2013	2.25%	-	3.881	3.881
October 1, 2013	2.25%	55.000	3.881	58.881
April 1, 2014	2.25%	-	3.263	3.263
October 1, 2014	2.25%	55.000	3.262	58.262
April 1, 2015	2.25%	-	2.644	2.644
October 1, 2015	2.25%	55.000	2.644	57.644
April 1, 2016	2.25%	-	2.025	2.025
October 1, 2016	2.25%	60.000	2.025	62.025
April 1, 2017	2.25%	-	1.350	1.350
October 1, 2017	2.25%	60.000	1.350	61.350
April 1, 2018	2.25%	-	675	675
October 1, 2018	2.25%	60.000	675	60.675
		<u>\$ 600.000</u>	<u>\$ 77.175</u>	<u>\$ 677.175</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN  
WASTE WATER UTILITY FUND  
SCHEDULE OF BOND PRINCIPAL AND INTEREST MATURITIES

June 30, 2008

CITY OF ESCANABA SEWAGE DISPOSAL SYSTEM REVENUE BOND PROJECT #5069-01

		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
October 1, 2008	2.00%	\$ 75.000	\$ 4.750	\$ 79.750
April 1, 2009	2.00%	-	4.000	4.000
October 1, 2009	2.00%	75.000	4.000	79.000
April 1, 2010	2.00%	-	3.250	3.250
October 1, 2010	2.00%	80.000	3.250	83.250
April 1, 2011	2.00%	-	2.450	2.450
October 1, 2011	2.00%	80.000	2.450	82.450
April 1, 2012	2.00%	-	1.650	1.650
October 1, 2012	2.00%	80.000	1.650	81.650
April 1, 2013	2.00%	-	850	850
October 1, 2013	2.00%	<u>85.000</u>	<u>850</u>	<u>85.850</u>
		<u>\$ 475.000</u>	<u>\$ 29.150</u>	<u>\$ 504.150</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN  
WASTE WATER UTILITY FUND  
SCHEDULE OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT

For the year ended June 30, 2008

	<u>Balance 06/30/07</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 06/30/08</u>
Land	\$ 1.873	\$ -	\$ -	\$ 1.873
Structures and improvements	6,397.789	144.498	-	6,542.287
Tools and equipment	45.889	7.293	1.950	51.232
Mains	5,141.770	145.385	-	5,287.155
Purification equipment	2.762	-	-	2.762
Office furniture and equipment	<u>27.044</u>	<u>-</u>	<u>-</u>	<u>27.044</u>
Subtotal	11,617.127	297.176	1.950	11,912.353
Construction in progress	<u>131.683</u>	<u>900</u>	<u>131.683</u>	<u>900</u>
TOTALS	<u>\$11,748.810</u>	<u>\$ 298.076</u>	<u>\$ 133.633</u>	<u>\$11,913.253</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN  
MARINA FUND  
COMPARATIVE STATEMENT OF NET ASSETS  
June 30, 2008 and 2007

	<u>June 30</u>	
	<u>2008</u>	<u>2007</u>
ASSETS:		
Current assets:		
Cash	\$ 16,978	\$ 26,799
Investments, at market	60,054	60,209
Accrued interest receivable	830	1,009
Receivables	5,344	3,061
Due from other governments:		
State of Michigan	10,152	-
Inventories, net of obsolescence allowance	<u>27,107</u>	<u>15,098</u>
Total current assets	<u>120,465</u>	<u>106,176</u>
Property, plant and equipment	2,638,978	2,617,372
Less accumulated depreciation	<u>(885,787)</u>	<u>(823,022)</u>
Net property, plant and equipment	<u>1,753,191</u>	<u>1,794,350</u>
TOTAL ASSETS	<u>\$ 1,873,656</u>	<u>\$ 1,900,526</u>
LIABILITIES:		
Current liabilities:		
Accounts payable	<u>\$ 11,058</u>	<u>\$ 7,189</u>
Long-term liabilities:		
Advance from other funds:		
Land Development Fund	<u>306,200</u>	<u>313,200</u>
TOTAL LIABILITIES	<u>317,258</u>	<u>320,389</u>
NET ASSETS:		
Invested in capital assets, net of related debt	1,446,991	1,481,150
Unrestricted	<u>109,407</u>	<u>98,987</u>
TOTAL NET ASSETS	<u>1,556,398</u>	<u>1,580,137</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,873,656</u>	<u>\$ 1,900,526</u>

See accompanying notes to financial statements.

## CITY OF ESCANABA, MICHIGAN

MARINA FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS

June 30, 2008 and 2007

	June 30	
	2008	2007
OPERATING REVENUES:		
Charges for services:		
Dock fees	\$ 144,586	\$ 153,788
Fuel and concession revenues	92,132	99,453
Miscellaneous:		
Other	508	848
TOTAL OPERATING REVENUES	<u>237,226</u>	<u>254,089</u>
OPERATING EXPENSES:		
Enterprises:		
Summer services:		
Salaries and wages	54,577	52,816
Fringe benefits	5,418	5,909
Fuel	77,498	86,781
Clothing	-	75
Professional services	775	863
Office supplies	2,266	1,992
Building supplies	1,001	1,019
Communications	2,498	1,368
Transportation	151	-
Printing and publishing	538	500
Insurance and bonds	7,097	6,704
Public utilities	12,246	12,601
Building maintenance	4,197	8,290
Meetings	1,273	1,150
Equipment repair	1,762	706
Equipment rental	6,895	7,516
Weed harvesting	14,407	14,325
New equipment	2,823	735
Provision for depreciation	62,764	62,612
TOTAL OPERATING EXPENSES	<u>258,186</u>	<u>265,962</u>
OPERATING INCOME (LOSS)	<u>(20,960)</u>	<u>(11,873)</u>
NON-OPERATING REVENUES (EXPENSES):		
State grants:		
L dock	10,152	-
Gain (loss) on sale of investments	253	221
Interest earnings	2,476	3,078
Interest expense	(15,660)	(17,292)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(2,779)</u>	<u>(13,993)</u>
CHANGE IN NET ASSETS	(23,739)	(25,866)
Net assets, beginning of year	<u>1,580,137</u>	<u>1,606,003</u>
NET ASSETS, END OF YEAR	<u>\$ 1,556,398</u>	<u>\$ 1,580,137</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

MARINA FUND  
STATEMENT OF CASH FLOWS

For the year ended June 30, 2008  
with comparative totals for June 30, 2007

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 234,943	\$ 253,467
Cash payments to suppliers for goods and services	(136,672)	(136,544)
Cash payments to employees for services	(59,995)	(58,725)
Cash payments to other funds for services	<u>(6,895)</u>	<u>(7,516)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>31,381</u>	<u>50,682</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Repayment of interfund loans	<u>(7,000)</u>	<u>(35,092)</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Interest paid	(15,660)	(17,292)
Acquisition of capital assets	<u>(21,605)</u>	<u>-</u>
NET CASH USED BY CAPITAL FINANCING ACTIVITIES	<u>(37,265)</u>	<u>(17,292)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Gain (loss) on sale of investments	253	221
Interest earned	<u>2,655</u>	<u>2,901</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>2,908</u>	<u>3,122</u>
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	(9,976)	1,420
Cash and equivalents, beginning of year	<u>87,008</u>	<u>85,588</u>
CASH AND EQUIVALENTS, END OF YEAR	<u>\$ 77,032</u>	<u>\$ 87,008</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ (20,960)	\$ (11,873)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	62,764	62,612
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(2,283)	(622)
(Increase) decrease in inventories	(12,009)	1,561
Increase (decrease) in accounts payable	<u>3,869</u>	<u>(996)</u>
Total adjustments	<u>52,341</u>	<u>62,555</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 31,381</u>	<u>\$ 50,682</u>

See accompanying notes to financial statements.



## CITY OF ESCANABA, MICHIGAN

MARINA FUND  
SCHEDULE OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT

For the year ended June 30, 2008

	Balance 06/30/07	Transfers and Additions	Retirements, Dispositions and Transfers	Balance 06/30/08
Boat Launch/Parking Lots:				
Boat launch/parking lot	\$ 63,955	\$ -	\$ -	\$ 63,955
Skid Pier	5,972	-	-	5,972
Solar lighting	12,757	-	-	12,757
Furniture, Fixtures and Equipment	7,502	1,302	-	8,804
Marina Docks, Piers and Walls:				
12 floating piers, revetment wall and fuel system	328,314	-	-	328,314
Barage docks	13,075	-	-	13,075
Two 550' piers and revetment wall	770,982	-	-	770,982
Mooring buoys	7,816	-	-	7,816
Transitional anchoring system	42,369	-	-	42,369
Various upgrades	30,453	-	-	30,453
Revetment wall	346,067	-	-	346,067
L-Dock design	-	20,304	-	20,304
Harbor Master Building:				
Harbor master building	579,152	-	-	579,152
Parking lot and landscaping	408,958	-	-	408,958
TOTALS	<u>\$ 2,617,372</u>	<u>\$ 21,606</u>	<u>\$ -</u>	<u>\$ 2,638,978</u>

See accompanying notes to financial statements.

**INTERNAL SERVICE FUNDS**

## CITY OF ESCANABA, MICHIGAN

INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF NET ASSETS

June 30, 2008 and 2007

	Escanaba Building Authority Fund	Motor Vehicle and Equipment Fund	Office Equipment Fund	Risk Retention Fund	Health Insurance Fund	Worker's Compensa- tion Fund
<b>ASSETS:</b>						
Current assets:						
Investments, at market	\$ 393,571	\$ 866,420	\$ 101,446	\$ 29,821	\$ 304,696	\$ 952,559
Receivables:						
Accounts, net of bad debt allowance	-	-	-	-	-	-
Accrued interest	3,889	8,269	1,081	377	1,691	9,902
Due from other funds:						
Delta County Central Dispatch Authority	-	-	-	-	3,265	-
Prepaid expenses	50,496	11,406	-	64,229	32,855	-
Cash on deposit	-	-	-	-	176,302	-
Total current assets	<u>447,956</u>	<u>886,095</u>	<u>102,527</u>	<u>94,427</u>	<u>518,809</u>	<u>962,461</u>
Property, plant and equipment:						
Property, plant and equipment	7,399,036	5,688,599	389,231	-	-	-
Less accumulated depreciation	<u>(2,169,023)</u>	<u>(3,707,892)</u>	<u>(210,713)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net property, plant and equipment	<u>5,230,013</u>	<u>1,980,707</u>	<u>178,518</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u><b>\$ 5,677,969</b></u>	<u><b>\$ 2,866,802</b></u>	<u><b>\$ 281,045</b></u>	<u><b>\$ 94,427</b></u>	<u><b>\$ 518,809</b></u>	<u><b>\$ 962,461</b></u>
<b>LIABILITIES:</b>						
Current liabilities:						
Accounts payable	\$ 2,762	\$ 56,382	\$ 71,893	\$ -	\$ -	\$ 6,270
Claims payable	-	-	-	19,000	97,560	250,000
Accrued salaries, wages and fringes	-	24,599	-	-	-	-
Accrued interest payable	44,239	-	-	-	-	-
Bonds payable	160,000	-	-	-	-	-
Total current liabilities	<u>207,001</u>	<u>80,981</u>	<u>71,893</u>	<u>19,000</u>	<u>97,560</u>	<u>256,270</u>
Long-term liabilities:						
Advance from other funds:						
General Fund	-	452,825	-	-	-	-
Bonds payable	<u>3,100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total long-term liabilities	<u>3,100,000</u>	<u>452,825</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u><b>3,307,001</b></u>	<u><b>533,806</b></u>	<u><b>71,893</b></u>	<u><b>19,000</b></u>	<u><b>97,560</b></u>	<u><b>256,270</b></u>
<b>NET ASSETS:</b>						
Invested in capital assets, net of related debt	1,970,013	1,527,882	178,518	-	-	-
Unrestricted	<u>400,955</u>	<u>805,114</u>	<u>30,634</u>	<u>75,427</u>	<u>421,249</u>	<u>706,191</u>
<b>TOTAL NET ASSETS</b>	<u><b>2,370,968</b></u>	<u><b>2,332,996</b></u>	<u><b>209,152</b></u>	<u><b>75,427</b></u>	<u><b>421,249</b></u>	<u><b>706,191</b></u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><b>\$ 5,677,969</b></u>	<u><b>\$ 2,866,802</b></u>	<u><b>\$ 281,045</b></u>	<u><b>\$ 94,427</b></u>	<u><b>\$ 518,809</b></u>	<u><b>\$ 962,461</b></u>

See accompanying notes to financial statements.

Unemployment Compensation Fund	Totals	
	2008	2007
\$ 313,095	\$ 2,961,608	\$ 2,941,213
-	-	65
3,214	28,423	33,356
-	3,265	-
-	158,986	210,431
-	<u>176,302</u>	<u>172,408</u>
<u>316,309</u>	<u>3,328,584</u>	<u>3,357,473</u>
-	13,476,866	12,433,056
-	<u>(6,087,628)</u>	<u>(5,689,172)</u>
-	<u>7,389,238</u>	<u>6,743,884</u>
<u>\$ 316,309</u>	<u>\$ 10,717,822</u>	<u>\$ 10,101,357</u>
\$ -	\$ 137,307	\$ 33,032
5,066	371,626	438,222
-	24,599	24,354
-	44,239	45,614
-	<u>160,000</u>	<u>150,000</u>
<u>5,066</u>	<u>737,771</u>	<u>691,222</u>
-	452,825	-
-	<u>3,100,000</u>	<u>3,260,000</u>
-	<u>3,552,825</u>	<u>3,260,000</u>
<u>5,066</u>	<u>4,290,596</u>	<u>3,951,222</u>
-	3,676,413	3,333,884
<u>311,243</u>	<u>2,750,813</u>	<u>2,816,251</u>
<u>311,243</u>	<u>6,427,226</u>	<u>6,150,135</u>
<u>\$ 316,309</u>	<u>\$ 10,717,822</u>	<u>\$ 10,101,357</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

**INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS**

For the years ended June 30, 2008 and 2007

	Escanaba Building Authority Fund	Motor Vehicle and Equipment Fund	Office Equipment Fund	Risk Retention Fund	Health Insurance Fund	Workers's Compensa- tion Fund
OPERATING REVENUES:						
Retiree contributions	\$ -	\$ -	\$ -	\$ -	\$ 151,174	\$ -
Cobra contributions	-	-	-	-	-	-
City's contribution for employees	-	-	-	-	1,284,185	-
Equipment rental	-	1,169,968	42,672	-	-	-
Provision for self insurance	-	-	-	162,433	-	-
Miscellaneous	443,803	-	-	-	-	-
<b>TOTAL OPERATING REVENUES</b>	<b>443,803</b>	<b>1,169,968</b>	<b>42,672</b>	<b>162,433</b>	<b>1,435,359</b>	<b>-</b>
OPERATING EXPENSES:						
General government	138,781	726,728	15,313	166,335	1,278,918	94,428
Capital projects	19,029	-	-	-	-	-
Provision for depreciation	158,897	333,525	27,523	-	-	-
<b>TOTAL OPERATING EXPENSES</b>	<b>316,707</b>	<b>1,060,253</b>	<b>42,836</b>	<b>166,335</b>	<b>1,278,918</b>	<b>94,428</b>
<b>OPERATING INCOME (LOSS)</b>	<b>127,096</b>	<b>109,715</b>	<b>(164)</b>	<b>(3,902)</b>	<b>156,441</b>	<b>(94,428)</b>
NON-OPERATING REVENUES (EXPENSES):						
Gain (loss) on sale of investments	861	4,168	(42)	112	214	3,036
Gain (loss) on sale of equipment	-	1,327	-	-	-	-
Interest earnings	18,218	41,856	4,946	5,156	8,928	49,110
Interest expense	(138,624)	(17,468)	-	-	-	-
Operating transfers in	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>(119,545)</b>	<b>29,883</b>	<b>4,904</b>	<b>5,268</b>	<b>9,142</b>	<b>52,146</b>
<b>CHANGE IN NET ASSETS</b>	<b>7,551</b>	<b>139,598</b>	<b>4,740</b>	<b>1,366</b>	<b>165,583</b>	<b>(42,282)</b>
Net assets, beginning of year	2,363,417	2,193,398	204,412	74,061	255,666	748,473
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 2,370,968</b>	<b>\$ 2,332,996</b>	<b>\$ 209,152</b>	<b>\$ 75,427</b>	<b>\$ 421,249</b>	<b>\$ 706,191</b>

See accompanying notes to financial statements.

Unemployment Compensation Fund	Totals	
	2008	2007
\$ - \$	151,174	\$ 211,649
-	-	9,063
-	1,284,185	1,259,715
-	1,212,640	953,267
-	162,433	166,104
-	443,803	442,188
-	3,254,235	3,041,986
17,007	2,437,510	2,738,472
-	19,029	13,578
-	519,945	428,831
17,007	2,976,484	3,180,881
(17,007)	277,751	(138,895)
1,790	10,139	10,546
-	1,327	(7,557)
15,752	143,966	158,336
-	(156,092)	(142,499)
-	-	104,411
-	-	(104,411)
17,542	(660)	18,826
535	277,091	(120,069)
310,708	6,150,135	6,270,204
<u>\$ 311,243</u>	<u>\$ 6,427,226</u>	<u>\$ 6,150,135</u>

See accompanying notes to financial statements.



## CITY OF ESCANABA, MICHIGAN

INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWSFor the year ended June 30, 2008  
with comparative totals for the year ended June 30, 2007

	Escanaba Building Authority Fund	Motor Vehicle and Equipment Fund	Office Equipment Fund	Risk Retention Fund	Health Insurance Fund	Worker's Compensa- tion Fund	Unemploy- ment Com- pensation Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>							
Cash received for insurance costs	\$ -	\$ -	\$ -	\$ -	\$1,431,465	\$ -	\$ -
Cash received from other funds for services	443,868	1,169,968	42,672	162,433	-	-	-
Cash payments to suppliers for goods and services	(106,121)	(595,412)	(15,055)	-	(55,671)	(8,023)	(200)
Cash payments to employees for services	(51,411)	(96,668)	-	-	-	-	-
Cash payments of benefits	-	-	-	(172,039)	(1,240,591)	(85,737)	(15,331)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>286,336</u>	<u>477,888</u>	<u>27,617</u>	<u>(9,606)</u>	<u>135,203</u>	<u>(93,760)</u>	<u>(15,531)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>							
Operating transfers in	-	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-	-
<b>NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:</b>							
Advances from other funds	-	452,825	-	-	-	-	-
Principal payments on bonds	(150,000)	-	-	-	-	-	-
Interest expense	(139,999)	(17,468)	-	-	-	-	-
Acquisition and construction of capital assets/disposals	(5,711)	(1,067,506)	(20,258)	-	-	-	-
Proceeds from sale of equipment	-	1,327	-	-	-	-	-
<b>NET CASH USED FOR CAPITAL FINANCING ACTIVITIES</b>	<u>(295,710)</u>	<u>(630,822)</u>	<u>(20,258)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>							
Interest and gains on investments	<u>19,451</u>	<u>48,217</u>	<u>4,682</u>	<u>5,393</u>	<u>9,133</u>	<u>53,350</u>	<u>18,812</u>
<b>NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS</b>	<u>10,077</u>	<u>(104,717)</u>	<u>12,041</u>	<u>(4,213)</u>	<u>144,336</u>	<u>(40,410)</u>	<u>3,281</u>
Cash and equivalents, beginning of year	<u>383,494</u>	<u>971,137</u>	<u>89,405</u>	<u>34,034</u>	<u>160,360</u>	<u>992,969</u>	<u>309,814</u>
<b>CASH AND EQUIVALENTS, END OF YEAR</b>	<u>\$ 393,571</u>	<u>\$ 866,420</u>	<u>\$ 101,446</u>	<u>\$ 29,821</u>	<u>\$ 304,696</u>	<u>\$ 952,559</u>	<u>\$ 313,095</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>							
Operating income (loss)	\$ 127,096	\$ 109,715	\$ (164)	\$ (3,902)	\$ 156,441	\$ (94,428)	\$ (17,007)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:							
Depreciation	158,897	333,525	27,523	-	-	-	-
Changes in assets and liabilities:							
(Increase) decrease in receivables, prepaids, due from other funds and deposits	3,221	-	-	1,596	39,534	-	-
Increase (decrease) in accounts and claims payable and due to other funds	(2,878)	34,403	258	(7,300)	(60,772)	668	1,476
Increase (decrease) in accruals	-	245	-	-	-	-	-
<b>Total adjustments</b>	<u>159,240</u>	<u>368,173</u>	<u>27,781</u>	<u>(5,704)</u>	<u>(21,238)</u>	<u>668</u>	<u>1,476</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ 286,336</u>	<u>\$ 477,888</u>	<u>\$ 27,617</u>	<u>\$ (9,606)</u>	<u>\$ 135,203</u>	<u>\$ (93,760)</u>	<u>\$ (15,531)</u>

See accompanying notes to financial statements.

Totals	
2008	2007
\$1,431,465	\$1,480,643
1,818,941	1,560,853
(780,482)	(749,981)
(148,079)	(134,685)
<u>(1,513,698)</u>	<u>(1,811,663)</u>
<u>808,147</u>	<u>345,167</u>
-	104,411
<u>-</u>	<u>(104,411)</u>
-	-
452,825	-
(150,000)	(150,000)
(157,467)	(143,749)
(1,093,475)	(356,828)
<u>1,327</u>	<u>3,600</u>
<u>(946,790)</u>	<u>(646,977)</u>
<u>159,038</u>	<u>163,914</u>
20,395	(137,896)
<u>2,941,213</u>	<u>3,079,109</u>
<u>\$2,961,608</u>	<u>\$2,941,213</u>
<u>\$ 277,751</u>	<u>\$ (138,895)</u>
519,945	428,831
44,351	16,414
(34,145)	37,820
<u>245</u>	<u>997</u>
<u>530,396</u>	<u>484,062</u>
<u>\$ 808,147</u>	<u>\$ 345,167</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN  
ESCANABA BUILDING AUTHORITY  
COMPARATIVE STATEMENT OF NET ASSETS

June 30, 2008 and 2007

	<u>June 30</u>	
	<u>2008</u>	<u>2007</u>
ASSETS:		
Current assets:		
Investments, at market	\$ 393,571	\$ 383,494
Receivables:		
Accounts, net of bad debt allowance	-	65
Accrued interest	3,889	4,261
Prepaid expenses	<u>50,496</u>	<u>53,652</u>
Total current assets	<u>447,956</u>	<u>441,472</u>
Property, plant and equipment:		
Property, plant and equipment	7,399,036	7,400,231
Less accumulated depreciation	<u>(2,169,023)</u>	<u>(2,017,032)</u>
Net property, plant and equipment	<u>5,230,013</u>	<u>5,383,199</u>
TOTAL ASSETS	<u>\$ 5,677,969</u>	<u>\$ 5,824,671</u>
LIABILITIES:		
Current liabilities:		
Accounts payable	\$ 2,762	\$ 5,640
Accrued interest payable	44,239	45,614
Bonds payable	<u>160,000</u>	<u>150,000</u>
Total current liabilities	<u>207,001</u>	<u>201,254</u>
Long-term liabilities:		
Bonds payable	<u>3,100,000</u>	<u>3,260,000</u>
TOTAL LIABILITIES	<u>3,307,001</u>	<u>3,461,254</u>
NET ASSETS:		
Invested in capital assets, net of related debt	1,970,013	1,973,199
Unrestricted	<u>400,955</u>	<u>390,218</u>
TOTAL NET ASSETS	<u>2,370,968</u>	<u>2,363,417</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,677,969</u>	<u>\$ 5,824,671</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

ESCANABA BUILDING AUTHORITY  
COMPARATIVE STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS

For the years ended June 30, 2008 and 2007

	<u>June 30</u>	
	<u>2008</u>	<u>2007</u>
OPERATING REVENUES:		
Miscellaneous	\$ 443,803	\$ 441,547
OPERATING EXPENSES:		
General government:		
Salaries and wages	37,746	29,123
Fringe benefits	5,568	234
Overhead on salaries and wages	8,097	6,159
Professional services	685	2,964
Public utilities	66,363	65,023
Insurance and bonds	7,051	6,644
Supplies	320	1,031
Building supplies	5,686	4,189
Equipment rental	1,089	912
Printing & publishing	85	-
Equipment maintenance	3,381	3,089
Telephone	2,524	2,304
Christmas Tree	186	300
Capital projects:		
Construction	19,029	13,578
Provision for depreciation	<u>158,897</u>	<u>157,846</u>
TOTAL OPERATING EXPENSES	<u>316,707</u>	<u>293,396</u>
OPERATING INCOME	<u>127,096</u>	<u>148,151</u>
NON-OPERATING REVENUES (EXPENSES):		
Gain (loss) on sale of investments	861	1,003
Interest earnings	18,218	17,676
Interest expense	<u>(138,624)</u>	<u>(142,499)</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(119,545)</u>	<u>(123,820)</u>
CHANGE IN NET ASSETS	7,551	24,331
Net assets, beginning of year	<u>2,363,417</u>	<u>2,339,086</u>
NET ASSETS, END OF YEAR	<u>\$ 2,370,968</u>	<u>\$ 2,363,417</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN  
ESCANABA BUILDING AUTHORITY FUND  
SCHEDULE OF BOND PRINCIPAL AND INTEREST MATURITIES

June 30, 2008

City of Escanaba, Escanaba Building Authority -  
City Hall/Library Bond Dated May 11, 2004

		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
September 1, 2008	2.75%	\$ -	\$ 66.359	\$ 66.359
March 1, 2009	3.125%	160.000	66.359	226.359
September 1, 2009	3.125%	-	63.859	63.859
March 1, 2010	3.375%	160.000	63.859	223.859
September 1, 2010	3.375%	-	61.159	61.159
March 1, 2011	3.50%	170.000	61.159	231.159
September 1, 2011	3.50%	-	58.184	58.184
March 1, 2012	3.75%	175.000	58.184	233.184
September 1, 2012	3.75%	-	54.902	54.902
March 1, 2013	4.00%	180.000	54.902	234.902
September 1, 2013	4.00%	-	51.302	51.302
March 1, 2014	3.80%	190.000	51.302	241.302
September 1, 2014	3.80%	-	47.692	47.692
March 1, 2015	4.00%	195.000	47.692	242.692
September 1, 2015	4.00%	-	43.792	43.792
March 1, 2016	4.00%	205.000	43.792	248.792
September 1, 2016	4.00%	-	39.693	39.693
March 1, 2017	4.10%	215.000	39.693	254.693
September 1, 2017	4.10%	-	35.285	35.285
March 1, 2018	4.20%	220.000	35.285	255.285
September 1, 2018	4.20%	-	30.665	30.665
March 1, 2019	4.30%	225.000	30.665	255.665
September 1, 2019	4.30%	-	25.827	25.827
March 1, 2020	4.30%	235.000	25.827	260.827
September 1, 2020	4.30%	-	20.775	20.775
March 1, 2021	4.40%	250.000	20.775	270.775
September 1, 2021	4.40%	-	15.275	15.275
March 1, 2022	4.40%	260.000	15.275	275.275
September 1, 2022	4.40%	-	9.555	9.555
March 1, 2023	4.55%	270.000	9.555	279.555
September 1, 2023	4.55%	-	3.413	3.413
March 1, 2024	4.55%	150.000	3.414	153.414
		<u>\$3,260,000</u>	<u>\$1,255,475</u>	<u>\$4,515,475</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN  
MOTOR VEHICLE EQUIPMENT FUND  
COMPARATIVE STATEMENT OF NET ASSETS

June 30, 2008 and 2007

	<u>June 30</u>	
	<u>2008</u>	<u>2007</u>
ASSETS:		
Current assets:		
Investments, at market	\$ 866.420	\$ 971.137
Receivables:		
Accrued interest	8.269	10.462
Prepaid expenses	<u>11.406</u>	<u>11.406</u>
Total current assets	<u>886.095</u>	<u>993.005</u>
Property, plant and equipment:		
Property, plant and equipment	5,688.599	4,730.346
Less accumulated depreciation	<u>(3,707.892)</u>	<u>(3,483.620)</u>
Net property, plant and equipment	<u>1,980.707</u>	<u>1,246.726</u>
TOTAL ASSETS	<u>\$ 2,866.802</u>	<u>\$ 2,239.731</u>
LIABILITIES:		
Current liabilities:		
Accounts payable	\$ 56.382	\$ 21.979
Accrued salaries, wages and fringes	<u>24.599</u>	<u>24.354</u>
Total current liabilities	<u>80.981</u>	<u>46.333</u>
Long-term liabilities:		
Advance from other funds:		
General Fund	<u>452.825</u>	<u>-</u>
TOTAL LIABILITIES	<u>533.806</u>	<u>46.333</u>
NET ASSETS:		
Invested in capital assets, net of related debt	1,527.882	1,246.726
Unrestricted	<u>805.114</u>	<u>946.672</u>
TOTAL NET ASSETS	<u>2,332.996</u>	<u>2,193.398</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,866.802</u>	<u>\$ 2,239.731</u>

See accompanying notes to financial statements.



CITY OF ESCANABA, MICHIGAN  
MOTOR VEHICLE EQUIPMENT FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS

For the years ended June 30, 2008 and 2007

	<u>June 30</u>	
	<u>2008</u>	<u>2007</u>
OPERATING REVENUES:		
Equipment rental	\$ 1,169,968	\$ 895,307
Miscellaneous	-	641
TOTAL OPERATING REVENUES	<u>1,169,968</u>	<u>895,948</u>
OPERATING EXPENSES:		
General government:		
Salaries and wages	52,965	58,655
Fringe benefits	43,948	41,511
Supplies	13,584	16,342
Building supplies	3,695	3,057
Professional services	2,000	1,200
Communication	1,771	2,212
Printing & publishing	506	1,142
Insurance & bonds	34,464	31,869
Public utilities	46,523	43,551
Capital outlay - building	-	3,048
Capital outlay - equipment	2,036	850
Uniform maintenance	677	669
Building maintenance	7,283	21,655
Equipment maintenance	496,378	438,071
Equipment rental	20,148	15,575
Office expense	750	489
Education and training	-	84
Provision for depreciation	<u>333,525</u>	<u>235,538</u>
TOTAL OPERATING EXPENSES	<u>1,060,253</u>	<u>915,518</u>
OPERATING INCOME (LOSS)	<u>109,715</u>	<u>(19,570)</u>
NON-OPERATING REVENUES (EXPENSES):		
Gain (loss) on sale of investments	4,168	3,577
Gain (loss) on sale of equipment	1,327	(7,295)
Interest earnings	41,856	51,522
Interest expense	<u>(17,468)</u>	<u>-</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>29,883</u>	<u>47,804</u>
CHANGE IN NET ASSETS	139,598	28,234
Net assets, beginning of year	<u>2,193,398</u>	<u>2,165,164</u>
NET ASSETS, END OF YEAR	<u>\$ 2,332,996</u>	<u>\$ 2,193,398</u>

See accompanying notes to financial statements.

## CITY OF ESCANABA, MICHIGAN

MOTOR VEHICLE EQUIPMENT FUND  
SCHEDULE OF CHANGES IN EQUIPMENT

For the year ended June 30, 2008

Unit Number	Description	Balance 06/30/07	Additions	Retirements	Balance 06/30/08
3	1987 White Laser Level	\$ 5,695	\$ -	\$ -	\$ 5,695
4	Homelite Power Blower	940	-	-	940
5	Hydraulic Hammer	1,918	-	-	1,918
7	Eager Beaver Model 200 Chipper	11,440	-	-	11,440
8	2000 Trackless 51" Snowblower	5,540	-	-	5,540
9	Hydrosander Pressure Washer	2,425	-	-	2,425
10	Tennant Model 480 Sweeper	11,703	-	-	11,703
12	1987 Ski-Doo Alpine Snowmobile	5,250	-	-	5,250
13	Dew-Eze 72" All-Terrain Mower	28,815	-	-	28,815
14	2003 Chevrolet 3/4 Ton Pickup	16,982	-	-	16,982
19	1991 Ford One-Ton Welder Pickup	14,290	-	-	14,290
21	1987 Chevrolet 4x4 Pickup	11,375	-	-	11,375
22	1990 Ford Ranger Pickup	12,023	-	-	12,023
24	2005 GMC 4x2 Pickup	14,495	-	-	14,495
25	2000 Ford F-150 Pickup	15,812	-	-	15,812
26	2000 Chevrolet Extended Cab Pickup	15,515	-	-	15,515
28	2003 MT5 Trackless with Duals	63,177	-	-	63,177
30	1991 Trackless Municipal Tractor	47,060	-	-	47,060
36	2008 Ford F-150 Pickup	18,700	-	-	18,700
37	2003 Chevrolet 3/4 Ton 4x4 Pickup	19,539	-	-	19,539
40	1992 Sauber model 4500 Pole Trailer	9,050	-	-	9,050
41	1979 International Bulldozer	42,780	-	-	42,780
42	2008 Freightliner Garbage Truck	-	169,558	-	169,558
43	2008 Freightline Garbage Truck	-	169,558	-	169,558
44	1992 MB Traffic Striper	1,724	-	-	1,724
45	1993 John Deere 7100 Backhoe	73,628	-	-	73,628
46	1992 Ford F-150 Pickup	11,080	-	-	11,080
47	1989 Ford F-350 Pickup	11,935	-	-	11,935
48	2006 Komatsu Front End Loader	101,612	-	-	101,612
49	1984 Clark Forklift	26,747	-	-	26,747
50	1986 Ford 755a Tractor/Backhoe	55,168	-	-	55,168
54	2000 Chevrolet Impala	18,895	-	-	18,895
55	2006 Chevrolet 2500 HD Pickup	21,774	-	-	21,774
56	1995 Ford F-800 Garbage Truck	117,114	-	-	117,114
57	2000 Ford LT 7500 Garbage Truck	129,282	-	-	129,282
58	2003 168" Rotary Mower	8,150	-	-	8,150
59	1990 Ford C8000 Garbage Truck	53,401	-	-	53,401
60	1992 Ford LTS8000 Garbage Truck	96,926	-	-	96,926
64	1990 Wyco Vibrator	1,753	-	-	1,753
65	Concrete Saw	782	-	-	782
66	1984 18" Sod Cutter	1,889	-	-	1,889
67	1983 Econoline C185 Concrete Saw	3,800	-	-	3,800
68	1984 Wacker Rammer	1,862	-	-	1,862
69	2000 14" Stihl Cutoff Saw	810	-	-	810
73	Model HM35DI Compost Screener	57,300	-	-	57,300
74	1987 Dresser Model A-500E Grader	66,276	-	-	66,276
76	1997 Sreco Jet Rodder	20,650	-	-	20,650
77	1978 Cleaver Brooks Steamer	11,150	-	-	11,150
78	1990 Ford C8000 Vacuum Truck	102,579	-	-	102,579
79	1991 Ford LNT 9000 Tractor	22,660	-	-	22,660
81	2001 Komatsu Front End Loader	109,995	7,291	-	117,286
82	2003 Power Angling Broom	4,360	-	-	4,360
83	1989 Fiat-Allis Front-end Loader	57,489	-	-	57,489
84	1996 International Dump Truck	53,842	-	-	53,842
85	1992 Ford 8000 Dump Truck	43,667	-	-	43,667
86	CPS End-Dump Trailer	25,935	-	-	25,935
	Balance carried forward	\$ 1,688,759	\$ 346,407	\$ -	\$ 2,035,166

See accompanying notes to financial statements.

## CITY OF ESCANABA, MICHIGAN

MOTOR VEHICLE EQUIPMENT FUND  
SCHEDULE OF CHANGES IN EQUIPMENT

For the year ended June 30, 2008

Unit Number	Description	Balance 06/30/07	Additions	Retirements	Balance 06/30/08
	Balance brought forward . . . . .	\$ 1,688,759	\$ 346,407	\$ -	\$ 2,035,166
87	1989 International Dump Truck	45,631	-	45,631	-
88	2001 Vac-All Street Sweeper	152,609	-	-	152,609
90	1965 Galion Compactor	8,250	-	-	8,250
91	2007 Sterling Dump Truck	-	85,538	-	85,538
92	2001 Sterling Dump Truck	82,697	-	-	82,697
93	2002 Sterling Dump Truck	71,700	-	-	71,700
95	2000 Ford Dump Truck w/Plow	69,693	-	-	69,693
96	1979 J.D. 670 A Grader	50,202	-	50,202	-
98	1985 Galion S-500E Grader	66,897	-	-	66,897
101	1987 John Deere Model 755 Tractor	12,045	-	-	12,045
104	2008 Vactor Sewer Cleaner	207,067	-	-	207,067
105	John Deere F925 Front Mount Mower	12,988	-	-	12,988
106	1978 Griffith Well Point Pump	24,068	-	-	24,068
107	1974 Kentucky Trailer	3,000	-	-	3,000
109	1997 Ford F-250 4x4 PU w/Boss Plow	22,530	-	-	22,530
110	2006 Ford F-250 Pickup	20,792	-	-	20,792
111	1995 Ford Sludge Hauling Tanker	72,220	-	-	72,220
112	1999 Chevrolet Suburban	27,575	-	-	27,575
113	2004 Freightliner MZ-60 Sludge Truck	103,134	-	-	103,134
114	Kifco Water Irrigation Reel	10,190	-	-	10,190
115	1978 Griffith Well Points	3,769	-	-	3,769
116	2006 Chevrolet 2500 HD Pickup	23,504	-	-	23,504
119	1993 John Deere Model F725 Mower	8,255	-	8,255	-
120	1996 Ford 1 Ton Pickup	19,649	-	-	19,649
121	1999 Ford F-350 Pickup	26,028	-	-	26,028
122	1998 Ford Cargo Van	20,437	-	-	20,437
124	1982 Ingersoll-Rand Air Compressor	11,290	-	-	11,290
125	1989 Lincoln Arc Welder	2,360	-	-	2,360
126	2006 Ford F-450 Pickup	37,214	-	-	37,214
127	1987 Ingersoll-Rand Air Compressor	10,062	-	-	10,062
128	1999 Ford F-150 Pickup	14,588	-	-	14,588
129	1999 Chevrolet 4x4 Pickup	26,678	-	-	26,678
129A	8' Monroe Salter Insert	4,746	-	-	4,746
130	1999 Ford F-250 3/4 Ton w/Service Body	20,454	-	-	20,454
131	1992 Jacobsen 720 Lawn Sweeper	4,895	-	-	4,895
132	1993 Ford E - 350 Pickup	24,388	-	-	24,388
133	1989 Griffin Dewatering Pump	10,500	-	-	10,500
134	1982 Double Diaphragm Pump	4,235	-	-	4,235
136	Detachable Two Stage Snowblower	88,299	-	-	88,299
137	Trailer	300	-	-	300
137A	1997 Sicard Model 2200M Snowblower	61,740	-	-	61,740
138	Gravely 48" Mower w/bagger	-	6,300	-	6,300
140	Wacker Hydrostatic Vibratory Roller	21,147	-	-	21,147
141	Cutquick Concrete Saw	680	-	-	680
142	Plate Type Vibratory Compactor	6,225	-	-	6,225
143	Wacker Model BPU3545A Compactor	6,648	-	-	6,648
149	1990 Lely Material Spreader	3,167	-	-	3,167
150	Paving Forms	1,136	-	-	1,136
155	Hiniker Model 10 Spreader	4,420	-	-	4,420
158	Plate Type Vibratory Compactor	1,792	-	-	1,792
159	8 Cubic Foot Mortar Mixer	2,287	-	-	2,287
160	1984 Stone Mortar Mixer	1,340	-	-	1,340
161	Lamborghini 4" Trash Pump	7,280	-	-	7,280
162	1999 Lowboy Semi-Trailer	21,458	-	-	21,458
164	2000 John Deere 200LC Excavator	139,375	-	-	139,375
165	1992 Trackless 168" Rotary Mower	5,678	-	-	5,678
	Balance carried forward	\$ 3,398,071	\$ 438,245	\$ 104,088	\$ 3,732,228

See accompanying notes to financial statements.

## CITY OF ESCANABA, MICHIGAN

MOTOR VEHICLE EQUIPMENT FUND  
SCHEDULE OF CHANGES IN EQUIPMENT

For the year ended June 30, 2008

Unit Number	Description	Balance 06/30/07	Additions	Retirements	Balance 06/30/08
	Balance brought forward . . . . .	\$ 3,398,071	\$ 438,245	\$ 104,088	\$ 3,732,228
166	Tandem 6' x 14' Trailer	1,525	-	-	1,525
170	Excavation Shoring System	24,678	-	-	24,678
170A	1956 Hi-Way Pole Trailer	1,076	-	-	1,076
172	1999 Dodge Intrepid 4 Door	19,071	-	-	19,071
174	1998 Dodge Minivan	17,002	-	-	17,002
176	Weed Harvester	29,153	-	-	29,153
177	John Deere F925 Front Mount Mower	12,111	-	-	12,111
178	20 HP Cub Cadet Mower	4,177	-	-	4,177
179	2001 Ford F-250 Pickup	26,041	-	-	26,041
180	2003 Chevrolet 3/4 Ton Pickup with Plow	21,954	-	-	21,954
181	2005 Ford Taurus	15,378	-	-	15,378
185	Patching Trailer	966	-	-	966
191	2005 Chevrolet Tahoe	31,416	-	-	31,416
192	2005 Chevrolet Impala	25,761	-	-	25,761
193	2006 Chevrolet Impala	21,992	-	-	21,992
194	2007 Chevrolet Impala	22,984	-	-	22,984
195	2008 Chevrolet Impala	-	22,849	-	22,849
196	2008 Chevrolet Impala	-	22,849	-	22,849
203	1986 Chevrolet 5/4 Ton 4x4 Grass Truck	17,523	-	-	17,523
204	1992 Pierce Pumper Truck	179,674	-	-	179,674
205	1983 FMC Fire Truck	233,833	-	-	233,833
220	2000 Chevrolet Malibu	14,748	-	-	14,748
221	2000 Chevrolet Malibu	14,749	-	-	14,749
222	2001 Chevrolet Impala	20,164	-	-	20,164
223	2001 Chevrolet Impala	20,164	-	-	20,164
225	2001 Chevrolet Tahoe	27,852	-	-	27,852
226	2002 Chevrolet Impala	20,765	-	-	20,765
227	2002 Chevrolet Impala	20,766	-	-	20,766
228	2004 Chevrolet Impala	21,594	-	-	21,594
229	2004 Chevrolet Impala	21,594	-	-	21,594
230	2004 Chevrolet Impala	21,594	-	-	21,594
345	Snow Body Insert	7,190	-	-	7,190
346	Snow Body Insert	7,415	-	-	7,415
347	Snow Body Insert	7,415	-	-	7,415
348	Snow Body Insert	7,415	-	-	7,415
349	Snow Body Insert	7,415	-	-	7,415
528	Garbage Carts	-	333,285	-	333,285
529	Recycling Carts	-	256,858	-	256,858
530	Automated tippers	-	6,240	-	6,240
555	Underground Pipe TV inspection system	52,629	-	-	52,629
	Communications System	219,627	-	-	219,627
	<b>Total Rental Units</b>	<b>\$ 4,617,482</b>	<b>\$ 1,080,326</b>	<b>\$ 104,088</b>	<b>\$ 5,593,720</b>
	<b>Non-rental Units</b>				
	Miller Welder w/Auto Feed	\$ 2,720	\$ -	\$ -	\$ 2,720
	Sun Auto Analyzer	7,020	-	-	7,020
	Sioux Steamer/Washer	6,438	-	-	6,438
	Torch	100	-	-	100
	Air Wrench	125	-	-	125
	Two-Ton Floor Jack	170	-	-	170
	Chain Ratchet	264	-	-	264
	Racks	143	-	-	143
	Sander	94	-	-	94
	Balance carried forward	\$ 17,074	\$ -	\$ -	\$ 17,074

See accompanying notes to financial statements.

## CITY OF ESCANABA, MICHIGAN

MOTOR VEHICLE EQUIPMENT FUND  
SCHEDULE OF CHANGES IN EQUIPMENT

For the year ended June 30, 2008

Unit Number	Description	Balance 06/30/07	Additions	Retirements	Balance 06/30/08
	Balance brought forward. . . . .	\$ 17,074	\$ -	\$ -	\$ 17,074
	Lights	543	-	-	543
	Grainger Battery Tester	123	-	-	123
	Schonstedt G.A. 528 Locator	585	-	-	585
	Air Hammer, Ratchet	129	-	-	129
	Spray Gun	244	-	-	244
	Brake Bleeding Tool	125	-	-	125
	Stud Gun	112	-	-	112
	7" Sander	160	-	-	160
	Miller Douzall	156	-	156	-
	Wood Surfacers	250	-	-	250
	Gas Tanks	37,829	-	-	37,829
	Stigers 16' Tandem Trailer	1,365	-	-	1,365
	Gasoline Tank Installation	9,068	-	9,068	-
	Air Compressor	2,009	-	-	2,009
	Crow's Feet	175	-	-	175
	Weather Master	435	-	-	435
	Transmission Repair Kit	441	-	-	441
	Electronic Tachometer	255	-	-	255
	Air Wrench	369	-	369	-
	Milwaukee 9" Sander	149	-	-	149
	Fleet Maintenance Software	3,390	-	-	3,390
	Softek 386 Computer	2,090	-	2,090	-
	3 Tap and Die sets	552	-	-	552
	Ford Basic Scan system	879	-	879	-
	Milleromatic 250 welder	1,425	-	-	1,425
	Gasboy 1000 Interface	750	-	-	750
	Floor Jack	2,060	-	-	2,060
	Tool & Die Set	373	-	-	373
	Tire Changer	2,999	-	-	2,999
	3 Magitronic Pentium 200 MGHZ Computers	794	-	794	-
	One-Third of the Softek Network Server	1,831	-	-	1,831
	Bluestar 6000 Welder	2,057	-	-	2,057
	Purox Trademaster	525	-	-	525
	2 Submersible Pumps	1,441	-	1,441	-
	Transmission Jack	342	-	-	342
	Fleet Software	1,495	-	-	1,495
	Printers/3 17" Monitors	1,485	-	1,485	-
	12 Volt Fuel Pump	254	-	-	254
	3/4" Impact Wrench	375	-	375	-
	MCR 500 Digital Battery Electric System	665	-	-	665
	3 AMD XP 1600 1.4 GHZ Computers	2,408	-	2,408	-
	10 Ton Hydraulic Porta-Power	250	-	-	250
	Fuel Injector Repair Kit	379	-	-	379
	Scanning Unit Plug-In	591	-	-	591
	Snap-on Automotive Lift	3,905	-	-	3,905
	Used Tire Balancer	600	-	-	600
	Konica/Minolta Digital Copier	4,355	-	-	4,355
	Heavy Duty Truck Analyzer	2,998	-	-	2,998
	Scaffolding System	-	1,080	-	1,080
	Total Non-rental Units	112,864	1,080	19,065	94,879
	TOTALS	\$ 4,730,346	\$ 1,081,406	\$ 123,153	\$ 5,688,599

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN  
OFFICE EQUIPMENT FUND  
COMPARATIVE STATEMENT OF NET ASSETS

June 30, 2008 and 2007

	<u>June 30</u>	
	<u>2008</u>	<u>2007</u>
ASSETS:		
Current assets:		
Investments, at market	\$ 101,446	\$ 89,405
Receivables:		
Accrued interest	<u>1,081</u>	<u>859</u>
Total current assets	<u>102,527</u>	<u>90,264</u>
Property, plant and equipment:		
Property, plant and equipment	389,231	302,479
Less accumulated depreciation	<u>(210,713)</u>	<u>(188,520)</u>
Net property, plant and equipment	<u>178,518</u>	<u>113,959</u>
TOTAL ASSETS	<u>\$ 281,045</u>	<u>\$ 204,223</u>
LIABILITIES:		
Current liabilities:		
Accounts payable	<u>\$ 71,893</u>	<u>\$ (189)</u>
NET ASSETS:		
Invested in capital assets, net of related debt	178,518	113,959
Unrestricted	<u>30,634</u>	<u>90,453</u>
TOTAL NET ASSETS	<u>209,152</u>	<u>204,412</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 281,045</u>	<u>\$ 204,223</u>

See accompanying notes to financial statements.



CITY OF ESCANABA, MICHIGAN

OFFICE EQUIPMENT FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS

For the years ended June 30, 2008 and 2007

	<u>June 30</u>	
	<u>2008</u>	<u>2007</u>
OPERATING REVENUES:		
Equipment rental	<u>\$ 42,672</u>	<u>\$ 57,960</u>
OPERATING EXPENSES:		
General government:		
Equipment maintenance	15,313	22,758
Provision for depreciation	<u>27,523</u>	<u>35,447</u>
TOTAL OPERATING EXPENSES	<u>42,836</u>	<u>58,205</u>
OPERATING INCOME (LOSS)	<u>(164)</u>	<u>(245)</u>
NON-OPERATING REVENUES (EXPENSES):		
Gain (loss) on sale of investments	(42)	36
Gain (loss) on sale of equipment	-	(262)
Interest earnings	<u>4,946</u>	<u>3,427</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>4,904</u>	<u>3,201</u>
CHANGE IN NET ASSETS	4,740	2,956
Net assets, beginning of year	<u>204,412</u>	<u>201,456</u>
NET ASSETS, END OF YEAR	<u>\$ 209,152</u>	<u>\$ 204,412</u>

See accompanying notes to financial statements.

## CITY OF ESCANABA, MICHIGAN

OFFICE EQUIPMENT FUND  
SCHEDULE OF CHANGES IN EQUIPMENT

For the year ended June 30, 2008

	<u>Balance 06/30/07</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 06/30/08</u>
Network system	\$ 84,241	\$ 72,826	\$ 1,891	\$ 155,176
Controller	12,979	854	940	12,893
Engineer	17,242	-	279	16,963
Clerk	27,937	-	-	27,937
Personnel	1,745	-	-	1,745
City Manager	3,087	331	-	3,418
Building and Housing Inspection	2,712	-	-	2,712
Treasurer/Utility	89,879	502	2,219	88,162
Bay Computer - Shared Equipment	17,627	17,194	8,531	26,290
Assessor	5,673	375	-	6,048
Recreation	499	8,530	-	9,029
Public Safety	<u>38,858</u>	<u>-</u>	<u>-</u>	<u>38,858</u>
TOTALS	<u>\$ 302,479</u>	<u>\$ 100,612</u>	<u>\$ 13,860</u>	<u>\$ 389,231</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN  
RISK RETENTION FUND  
COMPARATIVE STATEMENT OF NET ASSETS

June 30, 2008 and 2007

	<u>June 30</u>	
	<u>2008</u>	<u>2007</u>
ASSETS:		
Current assets:		
Investments, at market	\$ 29,821	\$ 34,034
Receivables:		
Accrued interest	377	502
Prepaid expenses	<u>64,229</u>	<u>65,825</u>
TOTAL ASSETS	<u>\$ 94,427</u>	<u>\$ 100,361</u>
LIABILITIES:		
Current liabilities:		
Claims payable	<u>\$ 19,000</u>	<u>\$ 26,300</u>
NET ASSETS:		
Unrestricted	<u>75,427</u>	<u>74,061</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 94,427</u>	<u>\$ 100,361</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

RISK RETENTION FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS

For the years ended June 30, 2008 and 2007

	<u>June 30</u>	
	<u>2008</u>	<u>2007</u>
OPERATING REVENUES:		
Provision for self insurance	\$ 162,433	\$ 166,104
OPERATING EXPENSES:		
General government:		
Insurance premiums	146,757	155,072
Administrative costs	400	400
Claims paid	<u>19,178</u>	<u>49,848</u>
TOTAL OPERATING EXPENSES	<u>166,335</u>	<u>205,320</u>
OPERATING INCOME (LOSS)	<u>(3,902)</u>	<u>(39,216)</u>
NON-OPERATING REVENUES:		
Gain (loss) on sale of investments	112	319
Interest earnings	<u>5,156</u>	<u>6,366</u>
TOTAL NON-OPERATING REVENUES	<u>5,268</u>	<u>6,685</u>
CHANGE IN NET ASSETS	1,366	(32,531)
Net assets, beginning of year	<u>74,061</u>	<u>106,592</u>
NET ASSETS, END OF YEAR	<u>\$ 75,427</u>	<u>\$ 74,061</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN  
DENTAL FUND  
COMPARATIVE STATEMENT OF NET ASSETS  
June 30, 2008 and 2007

	<u>June 30</u>	
	<u>2008</u>	<u>2007</u>
ASSETS:		
Current assets:		
Cash and equivalents	\$ <u>          -</u>	\$ <u>          -</u>
NET ASSETS:		
Unrestricted	\$ <u>          -</u>	\$ <u>          -</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

DENTAL FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS

For the years ended June 30, 2008 and 2007

	<u>June 30</u>	
	<u>2008</u>	<u>2007</u>
NON-OPERATING REVENUES:		
Operating transfers in:		
Health Insurance Fund	\$ -	\$ 4,411
CHANGE IN NET ASSETS	-	4,411
Net assets, beginning of year	-	(4,411)
NET ASSETS, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN  
HEALTH INSURANCE FUND  
COMPARATIVE STATEMENT OF NET ASSETS

June 30, 2008 and 2007

	<u>June 30</u>	
	<u>2008</u>	<u>2007</u>
ASSETS:		
Current assets:		
Investments, at market	\$ 304,696	\$ 160,360
Receivables:		
Accrued interest	1,691	1,682
Due from other funds:		
Delta County Central Dispatch Authority	3,265	-
Prepaid expenses	32,855	79,548
Cash on deposit	<u>176,302</u>	<u>172,408</u>
TOTAL ASSETS	<u>\$ 518,809</u>	<u>\$ 413,998</u>
LIABILITIES:		
Current liabilities:		
Claims payable	<u>\$ 97,560</u>	<u>\$ 158,332</u>
NET ASSETS:		
Unrestricted	<u>421,249</u>	<u>255,666</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 518,809</u>	<u>\$ 413,998</u>

See accompanying notes to financial statements.



## CITY OF ESCANABA, MICHIGAN

HEALTH INSURANCE FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS

For the years ended June 30, 2008 and 2007

	June 30	
	2008	2007
OPERATING REVENUES:		
Retiree contributions	\$ 151,174	\$ 211,649
Cobra contributions	-	9,063
City's contribution for employees	1,284,185	1,259,715
TOTAL OPERATING REVENUES	1,435,359	1,480,427
OPERATING EXPENSES:		
General government:		
Insurance premiums	141,632	418,306
Administrative costs	54,521	47,231
Claims paid	1,081,615	1,192,835
Professional services	1,150	1,150
TOTAL OPERATING EXPENSES	1,278,918	1,659,522
OPERATING INCOME (LOSS)	156,441	(179,095)
NON-OPERATING REVENUES (EXPENSES):		
Gain (loss) on sale of investments	214	(1,243)
Interest earnings	8,928	7,631
Operating transfers in:		
Unemployment Fund	-	100,000
Operating transfers out:		
Dental Fund	-	(4,411)
TOTAL NON-OPERATING REVENUES (EXPENSES)	9,142	101,977
CHANGE IN NET ASSETS	165,583	(77,118)
Net assets, beginning of year	255,666	332,784
NET ASSETS, END OF YEAR	\$ 421,249	\$ 255,666

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN  
WORKER'S COMPENSATION FUND  
COMPARATIVE STATEMENT OF NET ASSETS

June 30, 2008 and 2007

	<u>June 30</u>	
	<u>2008</u>	<u>2007</u>
ASSETS:		
Current assets:		
Investments, at market	\$ 952.559	\$ 992.969
Receivables:		
Accrued interest	<u>9.902</u>	<u>11.106</u>
TOTAL ASSETS	<u>\$ 962.461</u>	<u>\$ 1,004.075</u>
LIABILITIES:		
Current liabilities:		
Accounts payable	\$ 6.270	\$ 5.602
Claims payable	<u>250.000</u>	<u>250.000</u>
TOTAL LIABILITIES	<u>256.270</u>	<u>255.602</u>
NET ASSETS:		
Unrestricted	<u>706.191</u>	<u>748.473</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 962.461</u>	<u>\$ 1,004.075</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN  
WORKER'S COMPENSATION FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS

For the years ended June 30, 2008 and 2007

	<u>June 30</u>	
	<u>2008</u>	<u>2007</u>
OPERATING REVENUES	\$ -	\$ -
OPERATING EXPENSES:		
General government:		
Benefits	85,737	25,078
Professional services	5,963	6,135
Insurance & bonds	740	969
Miscellaneous	<u>1,988</u>	<u>4,468</u>
TOTAL OPERATING EXPENSES	<u>94,428</u>	<u>36,650</u>
OPERATING INCOME (LOSS)	<u>(94,428)</u>	<u>(36,650)</u>
NON-OPERATING REVENUES:		
Gain (loss) on sale of investments	3,036	5,208
Interest earnings	<u>49,110</u>	<u>51,222</u>
TOTAL NON-OPERATING REVENUES	<u>52,146</u>	<u>56,430</u>
CHANGE IN NET ASSETS	(42,282)	19,780
Net assets, beginning of year	<u>748,473</u>	<u>728,693</u>
NET ASSETS, END OF YEAR	<u>\$ 706,191</u>	<u>\$ 748,473</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN  
 UNEMPLOYMENT COMPENSATION FUND  
 COMPARATIVE STATEMENT OF NET ASSETS

June 30, 2008 and 2007

	<u>June 30</u>	
	<u>2008</u>	<u>2007</u>
ASSETS:		
Current assets:		
Investments, at market	\$ 313.095	\$ 309.814
Receivables:		
Accrued interest	<u>3.214</u>	<u>4.484</u>
TOTAL ASSETS	<u>\$ 316.309</u>	<u>\$ 314.298</u>
LIABILITIES:		
Current liabilities:		
Claims payable	<u>\$ 5.066</u>	<u>\$ 3.590</u>
NET ASSETS:		
Unrestricted	<u>311.243</u>	<u>310.708</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 316.309</u>	<u>\$ 314.298</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN  
UNEMPLOYMENT COMPENSATION FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS

For the years ended June 30, 2008 and 2007

	<u>June 30</u>	
	<u>2008</u>	<u>2007</u>
OPERATING REVENUES	\$ -	\$ -
OPERATING EXPENSES:		
General government:		
Professional services	200	200
Unemployment compensation	<u>16,807</u>	<u>12,070</u>
TOTAL OPERATING EXPENSES	<u>17,007</u>	<u>12,270</u>
OPERATING INCOME (LOSS)	<u>(17,007)</u>	<u>(12,270)</u>
NON-OPERATING REVENUES (EXPENSES):		
Gain (loss) on sale of investments	1,790	1,646
Interest earnings	15,752	20,492
Operating transfers out:		
Health Insurance Fund	<u>-</u>	<u>(100,000)</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>17,542</u>	<u>(77,862)</u>
CHANGE IN NET ASSETS	535	(90,132)
Net assets, beginning of year	<u>310,708</u>	<u>400,840</u>
NET ASSETS, END OF YEAR	<u>\$ 311,243</u>	<u>\$ 310,708</u>

See accompanying notes to financial statements.

**PERMANENT FUND**

CITY OF ESCANABA, MICHIGAN  
GAS RETIREMENT FUND  
COMPARATIVE STATEMENT OF NET ASSETS

June 30, 2008 and 2007

	<u>June 30</u>	
	<u>2008</u>	<u>2007</u>
ASSETS:		
Investments, at market	\$ 1,090,970	\$ 1,082,727
Receivables:		
Accrued interest	<u>11,170</u>	<u>11,907</u>
TOTAL ASSETS	<u>\$ 1,102,140</u>	<u>\$ 1,094,634</u>
NET ASSETS:		
Reserved for:		
Principal	\$ 1,094,634	\$ 1,094,634
Capital improvements	<u>7,506</u>	<u>-</u>
TOTAL NET ASSETS	<u>\$ 1,102,140</u>	<u>\$ 1,094,634</u>

See accompanying notes to financial statements.



CITY OF ESCANABA, MICHIGAN

GAS RETIREMENT FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS

For the years ended June 30, 2008 and 2007

	<u>June 30</u>	
	<u>2008</u>	<u>2007</u>
REVENUES:		
Interest and dividends	<u>\$ 54,615</u>	<u>\$ 54,546</u>
OTHER FINANCING SOURCES (USES):		
Gain (loss) on sale of investments	2,891	5,318
Operating transfers out:		
Local Street Fund	<u>(50,000)</u>	<u>(70,401)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(47,109)</u>	<u>(65,083)</u>
EXCESS REVENUES AND OTHER FINANCING SOURCES (OTHER FINANCING USES)	7,506	(10,537)
Net assets, beginning of year	<u>1,094,634</u>	<u>1,105,171</u>
NET ASSETS, END OF YEAR	<u>\$ 1,102,140</u>	<u>\$ 1,094,634</u>

See accompanying notes to financial statements.

**FIDUCIARY FUNDS**

CITY OF ESCANABA, MICHIGAN  
PRIVATE PURPOSE TRUST FUNDS  
COMBINING STATEMENT OF FIDUCIARY NET ASSETS

June 30, 2008 and 2007

	Catherine Bonifas Trust Fund	Bezold Trust Fund	<u>Totals</u>	
			<u>2008</u>	<u>2007</u>
ASSETS:				
Investments, at market	\$ 128,329	\$ 273,478	\$ 401,807	\$ 390,612
Receivables:				
Accrued interest	<u>1,311</u>	<u>2,815</u>	<u>4,126</u>	<u>4,262</u>
TOTAL ASSETS	<u>\$ 129,640</u>	<u>\$ 276,293</u>	<u>\$ 405,933</u>	<u>\$ 394,874</u>
LIABILITIES:				
Accounts payable	\$ -	\$ 151	\$ 151	\$ 937
NET ASSETS:				
Reserved for:				
Bonifas Trust Fund	129,640	-	129,640	123,106
Bezold Trust Fund	<u>-</u>	<u>276,142</u>	<u>276,142</u>	<u>270,831</u>
TOTAL NET ASSETS	<u>129,640</u>	<u>276,142</u>	<u>405,782</u>	<u>393,937</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 129,640</u>	<u>\$ 276,293</u>	<u>\$ 405,933</u>	<u>\$ 394,874</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

PRIVATE PURPOSE TRUST FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FIDUCIARY NET ASSETS

For the years ended June 30, 2008 and 2007

	Catherine Bonifas Trust Fund	Bezold Trust Fund	<u>Totals</u>	
			2008	2007
REVENUES:				
Miscellaneous:				
Interest earnings	\$ 6.274	\$ 13.636	\$ 19.910	\$ 19.100
EXPENDITURES				
Cultural:				
Books, magazines & periodicals	-	8.961	8.961	9.403
TOTAL EXPENDITURES	-	8.961	8.961	9.403
EXCESS REVENUES	6.274	4.675	10.949	9.697
OTHER FINANCING SOURCES:				
Gain (loss) on sale of investments	260	636	896	1,439
EXCESS REVENUES AND OTHER FINANCING SOURCES	6.534	5.311	11.845	11.136
Net assets, beginning of year	123.106	270.831	393.937	382.801
NET ASSETS, END OF YEAR	<u>\$ 129.640</u>	<u>\$ 276.142</u>	<u>\$ 405.782</u>	<u>\$ 393.937</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN  
CATHERINE BONIFAS TRUST FUND  
COMPARATIVE STATEMENT OF FIDUCIARY NET ASSETS  
 June 30, 2008 and 2007

	<u>June 30</u>	
	<u>2008</u>	<u>2007</u>
ASSETS:		
Investments, at market	\$ 128,329	\$ 121,783
Receivables:		
Accrued interest	<u>1,311</u>	<u>1,323</u>
TOTAL ASSETS	<u>\$ 129,640</u>	<u>\$ 123,106</u>
NET ASSETS:		
Reserved for:		
Bonifas Trust Fund	<u>\$ 129,640</u>	<u>\$ 123,106</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

CATHERINE BONIFAS TRUST FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FIDUCIARY NET ASSETS

For the years ended June 30, 2008 and 2007

	<u>June 30</u>	
	<u>2008</u>	<u>2007</u>
REVENUES:		
Miscellaneous:		
Interest earnings	<u>\$ 6,274</u>	<u>\$ 5,908</u>
EXPENDITURES	<u>-</u>	<u>-</u>
EXCESS REVENUES (EXPENDITURES)	6,274	5,908
OTHER FINANCING SOURCES:		
Gain (loss) on sale of investments	<u>260</u>	<u>412</u>
EXCESS REVENUES AND OTHER FINANCING SOURCES (EXPENDITURES)	6,534	6,320
Net assets, beginning of year	<u>123,106</u>	<u>116,786</u>
NET ASSETS, END OF YEAR	<u>\$ 129,640</u>	<u>\$ 123,106</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

BEZOLD TRUST FUND  
COMPARATIVE STATEMENT OF FIDUCIARY NET ASSETS

June 30, 2008 and 2007

	<u>June 30</u>	
	<u>2008</u>	<u>2007</u>
ASSETS:		
Investments, at market	\$ 273.478	\$ 268.829
Receivables:		
Accrued interest	<u>2.815</u>	<u>2.939</u>
TOTAL ASSETS	<u>\$ 276.293</u>	<u>\$ 271.768</u>
LIABILITIES:		
Accounts payable	<u>\$ 151</u>	<u>\$ 937</u>
NET ASSETS:		
Reserved for:		
Bezold Trust Fund	<u>276.142</u>	<u>270.831</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 276.293</u>	<u>\$ 271.768</u>

See accompanying notes to financial statements.



CITY OF ESCANABA, MICHIGAN

BEZOLD TRUST FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FIDUCIARY NET ASSETS

For the years ended June 30, 2008 and 2007

	<u>June 30</u>	
	<u>2008</u>	<u>2007</u>
REVENUES:		
Miscellaneous:		
Interest earnings	\$ <u>13,636</u>	\$ <u>13,192</u>
EXPENDITURES:		
Cultural:		
Books, magazines & periodicals	<u>8,961</u>	<u>9,403</u>
EXCESS REVENUES (EXPENDITURES)	4,675	3,789
OTHER FINANCING SOURCES:		
Gain (loss) on sale of investments	<u>636</u>	<u>1,027</u>
EXCESS REVENUES AND OTHER FINANCING SOURCES (EXPENDITURES)	5,311	4,816
Net assets, beginning of year	<u>270,831</u>	<u>266,015</u>
NET ASSETS, END OF YEAR	\$ <u><u>276,142</u></u>	\$ <u><u>270,831</u></u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN  
PUBLIC SAFETY RETIREMENT FUND  
COMPARATIVE STATEMENT OF PLAN NET ASSETS

June 30, 2008 and 2007

	<u>June 30</u>	
	<u>2008</u>	<u>2007</u>
ASSETS:		
Cash and equivalents	\$ (1,329)	\$ 171
Investments, at market	18,540,412	20,586,247
Receivables	164	-
Due from other funds:		
General Fund	<u>-</u>	<u>200</u>
TOTAL ASSETS	<u>\$ 18,539,247</u>	<u>\$ 20,586,618</u>
LIABILITIES:		
Accounts payable	<u>\$ 279,884</u>	<u>\$ 185,163</u>
NET ASSETS:		
Reserved for:		
Employees' retirement system	<u>18,259,363</u>	<u>20,401,455</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 18,539,247</u>	<u>\$ 20,586,618</u>

See accompanying notes to financial statements.

## CITY OF ESCANABA, MICHIGAN

PUBLIC SAFETY RETIREMENT FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN PLAN NET ASSETS

For the years ended June 30, 2008 and 2007

	June 30	
	2008	2007
OPERATING REVENUES:		
Interest and dividends	\$ 918,350	\$ 813,705
Gain (loss) on sale of investments	(2,395,771)	1,996,182
Contributions:		
City of Escanaba	542,028	489,661
Employees	<u>112,256</u>	<u>139,259</u>
TOTAL OPERATING REVENUES	<u>(823,137)</u>	<u>3,438,807</u>
OPERATING EXPENSES:		
Administrative and general:		
Trustee fees	80	110
Miscellaneous	12,689	9,904
Benefits paid and refunds of member contributions	<u>1,306,186</u>	<u>1,268,623</u>
TOTAL OPERATING EXPENSES	<u>1,318,955</u>	<u>1,278,637</u>
NET INCOME (LOSS)	(2,142,092)	2,160,170
Net assets, beginning of year	<u>20,401,455</u>	<u>18,241,285</u>
NET ASSETS, END OF YEAR	<u>\$ 18,259,363</u>	<u>\$ 20,401,455</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

TAX COLLECTION FUND  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

For the Year Ended June 30, 2008

	<u>Balance</u> <u>06/30/07</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>06/30/08</u>
ASSETS:				
Cash and equivalents	\$ 2,836	\$ 12,358,601	\$ 12,332,917	\$ 28,520
Receivables:				
Special assessments	-	12,798	12,798	-
Taxes	-	13,546,483	13,546,483	-
TOTAL ASSETS	<u>\$ 2,836</u>	<u>\$ 25,917,882</u>	<u>\$ 25,892,198</u>	<u>\$ 28,520</u>
LIABILITIES:				
Due to other governments	<u>\$ 2,836</u>	<u>\$ 38,480,735</u>	<u>\$ 38,455,051</u>	<u>\$ 28,520</u>

See accompanying notes to financial statements.

## CITY OF ESCANABA, MICHIGAN

TAX COLLECTION FUND  
SCHEDULE OF COLLECTIONS FOR AND REMITTANCES TO OTHER GOVERNMENTAL UNITS

For the year ended June 30, 2008

	Intermediate School District	County of Delta	Escanaba Area Public Schools	Bay de Noc Community College	Community Action Agency	Downtown Development Authority
Balance, July 1, 2007	\$ 73	\$ 1,259	\$ 1,090	\$ 108	\$ 31	\$ 4
Collections:						
Interest earnings on investments	1,130	4,707	6,720	1,605	291	406
Taxes levied for 2007	610,141	2,775,113	3,117,347	867,927	143,662	265,230
Delinquent tax collections	3,608	14,651	34,904	5,150	983	701
Trailer tax collections	-	11,180	-	-	-	-
Industrial facilities tax collection	12,987	84,695	113,027	19,180	3,175	-
Total collections	627,866	2,890,346	3,271,998	893,862	148,111	266,337
Remittances:						
Delinquent taxes returned to County Treasurer	32,439	108,834	252,390	43,769	9,059	29,828
Delinquent personal property taxes	2,195	8,453	22,076	3,051	577	1,272
Remittances to governmental units	592,883	2,771,444	2,994,802	846,546	138,402	235,070
Total remittances	627,517	2,888,731	3,269,268	893,366	148,038	266,170
Balance, June 30, 2008	\$ 422	\$ 2,874	\$ 3,820	\$ 604	\$ 104	\$ 171

See accompanying notes to financial statements.

City of Escanaba	Delta County Sheriff Department	911	OPRA	DATA	Total
<u>\$ 185</u>	<u>\$ 47</u>	<u>\$ 31</u>	<u>\$ -</u>	<u>\$ 8</u>	<u>\$ 2,836</u>
7,156	437	250	-	299	23,001
4,247,875	215,570	123,190	12,614	147,830	12,526,499
25,388	1,475	651	-	703	88,214
2,236	-	-	-	-	13,416
<u>94,007</u>	<u>4,764</u>	<u>2,723</u>	<u>-</u>	<u>3,267</u>	<u>337,825</u>
<u>4,376,662</u>	<u>222,246</u>	<u>126,814</u>	<u>12,614</u>	<u>152,099</u>	<u>12,988,955</u>
160,911	13,594	7,768	-	9,322	667,914
16,643	866	495	-	594	56,222
<u>4,179,117</u>	<u>207,677</u>	<u>118,494</u>	<u>12,614</u>	<u>142,086</u>	<u>12,239,135</u>
<u>4,356,671</u>	<u>222,137</u>	<u>126,757</u>	<u>12,614</u>	<u>152,002</u>	<u>12,963,271</u>
<u>\$ 20,176</u>	<u>\$ 156</u>	<u>\$ 88</u>	<u>\$ -</u>	<u>\$ 105</u>	<u>\$ 28,520</u>

See accompanying notes to financial statements.

**GOVERNMENTAL FUNDS FIXED ASSET LISTING**



## CITY OF ESCANABA, MICHIGAN

GOVERNMENTAL FUNDS FIXED ASSET LISTING  
SCHEDULE OF CHANGES IN FIXED ASSETS

For the year ended June 30, 2008

	Balance 06/30/07	Additions	Retirements and other Deductions	Balance 06/30/08
<b>LAND AND IMPROVEMENTS:</b>				
Land	\$ 770,245	\$ 18,300	\$ 5,962	\$ 782,583
Farmer's Market	6,844	-	-	6,844
Advertising Signs	9,674	1,605	-	11,279
Bike Paths	612,865	-	-	612,865
North Shore Boat Launch	1,853,568	38,218	-	1,891,786
Marina/Harbor	997,909	-	-	997,909
Ness Field Improvements	84,885	-	-	84,885
Parks and Playgrounds	307,957	10,116	-	318,073
Waterfront Development	1,400,854	-	-	1,400,854
<b>BUILDINGS:</b>				
Beach House	275,191	-	-	275,191
Historical Building	111,526	-	-	111,526
Band Shell	173,345	8,830	-	182,175
DDA Center Court	217,585	-	-	217,585
Catherine Bonifas Civic Center	912,272	14,943	-	927,215
Public Safety Building	946,084	27,786	-	973,870
Webster Park Shelter House	94,594	-	-	94,594
Ludington Park Restroom	124,730	-	-	124,730
Royce Park Shelter	47,041	-	-	47,041
<b>PARKING LOTS:</b>				
1st Avenue North between 12th and 13th streets	17,446	-	-	17,446
West side of North 10th 100 block	1,702	-	-	1,702
Behind Daily Press	13,623	-	-	13,623
West of PSE Credit Union	33,408	-	-	33,408
East of PSE Credit Union	21,564	-	-	21,564
West End of Ludington	200,593	-	-	200,593
Lakestate Parking Lot	48,981	-	-	48,981
1st Avenue South at 8th Street	18,814	-	-	18,814
1000 Block 1st Avenue South	41,753	-	-	41,753
<b>EQUIPMENT:</b>				
Library	96,333	5,000	-	101,333
Public Safety Department	1,431,387	18,795	-	1,450,182
Street and Sewer	20,562	60,848	-	81,410
Parks and Recreation	322,675	-	-	322,675
Band	15,558	-	-	15,558
Downtown Development	27,377	26,518	-	53,895
City Hall	363,555	-	-	363,555
<b>OTHER:</b>				
Infrastructure	14,975,709	1,596,374	151,314	16,420,769
Escanaba Building Authority	7,400,231	5,710	6,905	7,399,036
Motor Vehicle and Equipment Fund	4,730,346	1,081,406	123,153	5,688,599
Office Equipment Fund	302,479	100,612	13,860	389,231
<b>TOTAL GOVERNMENTAL FUNDS FIXED ASSETS</b>	<b>\$39,031,265</b>	<b>\$ 3,015,061</b>	<b>\$ 301,194</b>	<b>\$41,745,132</b>

See accompanying notes to financial statements.

SINGLE AUDIT



**ANDERSON, TACKMAN & COMPANY, PLC**

CERTIFIED PUBLIC ACCOUNTANTS

OFFICES IN MICHIGAN AND WISCONSIN

Kristine P. Berhow, CPA, Principal  
Alan M. Stotz, CPA, Principal  
Raymond B. LaMarche, CPA, Principal  
Erkki M. Peippo, CPA, PC, Principal

Kevin C. Pascoe, CPA  
Laura L. Schwalbach, CPA

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and Members  
of the City Council  
City of Escanaba, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Escanaba, Michigan as of and for the year ended June 30, 2008, which collectively comprise the City of Escanaba's basic financial statements and have issued our report thereon dated December 8, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of Escanaba's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Escanaba's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Escanaba's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Escanaba's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Escanaba's financial statements that is more than inconsequential will not be prevented or detected by the City of Escanaba's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Escanaba's internal control.

Honorable Mayor and Members  
of the City Council  
City of Escanaba

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Escanaba's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as item 08-1.

We noted certain matters that we reported to management of the City of Escanaba in a separate letter dated December 8, 2008.

The City of Escanaba's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City of Escanaba's response and, accordingly, we express no opinion on it.

This report is intended for the information and use of management, the audit committee, City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Anderson, Tackman & Company P.C.*

Certified Public Accountants

December 8, 2008



**ANDERSON, TACKMAN & COMPANY, PLC**

CERTIFIED PUBLIC ACCOUNTANTS

OFFICES IN MICHIGAN AND WISCONSIN

Kristine P. Berhow, CPA, Principal  
Alan M. Stotz, CPA, Principal  
Raymond B. LaMarche, CPA, Principal  
Erkki M. Peippo, CPA, PC, Principal

Kevin C. Pascoe, CPA  
Laura L. Schwalbach, CPA

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE  
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Honorable Mayor and Members  
of the City Council  
City of Escanaba, Michigan

**Compliance**

We have audited the compliance of the City of Escanaba, Michigan with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The City of Escanaba's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Escanaba's management. Our responsibility is to express an opinion on the City of Escanaba's compliance based on our audit

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Escanaba's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Escanaba's compliance with those requirements.

In our opinion, the City of Escanaba complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

**Internal Control Over Compliance**

The management of the City of Escanaba, Michigan is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City



Honorable Mayor and Members  
of the City Council  
City of Escanaba

of Escanaba's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Escanaba's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The City of Escanaba's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City of Escanaba's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Anderson, Tackman & Company P.C.*

Certified Public Accountants

December 8, 2008

CITY OF ESCANABA, MICHIGAN

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the year ended June 30, 2008

<u>Federal Grantor/Program Title</u>	<u>Pass-Through Grantor's or Program Number</u>	<u>CFDA</u>	<u>Grant Awarded in Current Year</u>	<u>Federal Ex- penditures in Current Year</u>
<b>MAJOR PROGRAMS:</b>				
<u>ENVIRONMENTAL PROTECTION AGENCY</u>				
Passed through the MDEQ:				
Drinking Water Revolving Fund Loan	72041	66.468	<u>\$ 1,594,512</u>	<u>\$ 1,594,512</u>
<b>NON-MAJOR PROGRAMS:</b>				
<u>DEPARTMENT OF COMMERCE</u>				
Economic Development Administration:				
Economic Adjustment Assistance	-	11.307	<u>1,363,162</u>	<u>1,363,162</u>
<u>DEPARTMENT OF JUSTICE</u>				
Passed through Michigan State Police:				
U.P.S.E.T	-	16.579	49,905	49,905
Passed through Grand Valley State University:				
PSN Grant	-	16.609	<u>30,616</u>	<u>30,616</u>
Total Department of Justice			<u>80,521</u>	<u>80,521</u>
<u>DEPARTMENT OF TRANSPORTATION</u>				
Passed through the State Department of Transportation:				
Highway research, Planning and Construction	-	20.205	<u>37,780</u>	<u>37,780</u>
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u>				
Passed through Michigan State Police:				
EMPG Program	-	83.552	<u>22,948</u>	<u>22,948</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 3,098,923</u>	<u>\$ 3,098,923</u>



CITY OF ESCANABA, MICHIGAN

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2008

**NOTE A - OVERSIGHT AGENCY**

The Environmental Protection Agency is the current year's oversight agency for the single audit as determined by the agency providing the largest share of the City's federal financial assistance.

**NOTE B - BASIS OF ACCOUNTING**

The Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting.

**NOTE C - PASS-THROUGH GRANTOR'S OF PROGRAM NUMBER**

The Pass-Through Grantor's Number represents the City's provider I.D. number.

**NOTE D - FEDERAL REVENUE RECONCILIATION**

Because the Drinking Water Revolving Fund Loan Program is shown as Bonds Payable in the Water Utility Fund, the Economic Adjustment Assistance Program's federal awards is calculated using primarily asset balances rather than expenditures and because the Department of Transportation road projects are listed in the State of Michigan's Schedule of Federal Awards, the total revenue as reported in the financial statements does not match the Schedule of Expenditures of Federal Awards.

A reconciliation is as follows:

Total revenue as reported on the Govern- mental Funds Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 684,588
Drinking Water Revolving Loan Fund	1,594,512
Economic Adjustment Assistance	1,363,162
Road Projects	<u>(543,339)</u>
Total Federal Revenue as reported on the Schedule of Expenditures of Federal Awards	<u>\$ 3,098,923</u>

CITY OF ESCANABA, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2008

SECTION I - SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the City of Escanaba, Michigan.
2. Reportable instances of noncompliance disclosed during the audit of the financial statements are reported in the *Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards* and are detailed in Section II of this schedule.
3. No instances of noncompliance material to the financial statements of the City of Escanaba, Michigan were disclosed during the audit.
4. No control deficiencies were disclosed during the audit of the major federal award programs.
5. The auditors' report on compliance for the major federal award programs for the City of Escanaba, Michigan expresses an unqualified opinion.
6. There were no audit findings relative to the major federal award programs for the City of Escanaba, Michigan.
7. The program tested as the major programs was:

Environmental Protection Agency:  
Drinking Water Revolving Fund:  
Loan - CFDA 66.468
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The City of Escanaba, Michigan was not determined to be a low-risk auditee.

CITY OF ESCANABA, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2008

SECTION II - FINANCIAL STATEMENT FINDINGS

FINDING 08-1 - BUDGET NONCOMPLIANCE

Criteria - Public Act 621 of 1978, Section 18, (1) as amended, requires that a city shall not incur expenditures in excess of the amount appropriated.

Condition - During the year the City was overexpended in the following function of the General Fund:

City Elections	\$ 135
----------------	--------

Context - Isolated.

Effect - The City is not in compliance with the State law.

Cause - Failure to amend the above mentioned budgets during the year to match the spending level.

Recommendation - The City should continue to monitor the budget as to comply completely with the Michigan Uniform Budgeting and Accounting Act.

Management's response - The City has in place a number of controls in an effort to prevent any over expenditures; in general, this system is effective. However, because the final budget amendment is based upon financial statements which do not include the last several months of the fiscal year, small over expenditures can happen.

CITY OF ESCANABA, MICHIGAN

RESOLUTION OF PRIOR YEARS FINDINGS  
AND QUESTIONED COSTS

For the year ended June 30, 2008

Resolutions of prior year findings is summarized in Section II of the Schedule of Findings and Questioned Costs.

STATISTICAL AND SUPPLEMENTAL INFORMATION SECTION

GENERAL GOVERNMENT EXPENDITURES AND OTHER FINANCING USES BY FUNCTION<sup>1</sup>

Last Ten Fiscal Years

Fiscal Year Ended June 30.	General Government	Public Safety	Highways and Streets	Sanitation	Health and Welfare	Culture and Recreation	Miscellaneous	Transfers to Other Funds	Total
1999	\$1,061,381	\$2,911,538	\$1,721,384	\$ 703,428	\$ 9,148	\$1,043,272	\$ 34,245	\$ 118,498	\$7,602,894
2000	1,110,212	2,949,850	1,982,377	761,951	9,148	1,103,326	938	31,502	7,949,304
2001	1,188,045	3,112,803	3,090,262	737,605	9,148	1,210,795	1,123	55,564	9,405,345
2002	1,258,077	3,476,223	2,362,603	810,316	9,148	1,222,291	1,719	133,598	9,273,976
2003	1,271,488	3,352,685	1,690,300	779,437	9,148	1,205,011	158	20,408	8,328,635
2004	1,249,423	3,523,272	2,552,218	789,040	9,148	1,158,753	0	31,274	9,313,128
2005	1,259,757	3,916,237	1,769,940	825,609	9,148	1,104,489	0	28,505	8,913,685
2006	1,048,811	3,825,060	1,593,613	800,008	9,148	1,147,526	0	14,186	8,438,352
2007	1,012,236	3,557,000	2,133,734	731,388	9,148	1,209,893	0	15,206	8,668,605
2008	1,074,690	3,562,962	3,104,279	683,088	9,148	1,215,395	0	20,750	9,670,312

<sup>1</sup>Includes General, Major Street, Local Street, Library and Bezold Funds

GENERAL REVENUES AND OTHER FINANCING SOURCES BY SOURCE<sup>1</sup>

Last Ten Fiscal Years

Fiscal Year Ended June 30.	Taxes	Licenses and Permits	Inter-gov- ernmental Revenue	Charges for Services	Fines and Forfeitures	Contributions from Other Funds	Miscellaneous	Total
1999	\$3,137,852	\$ 14,153	\$2,854,459	\$ 552,020	\$ 69,866	\$ 830,165	\$ 330,276	\$7,788,791
2000	3,295,130	16,288	3,249,943	529,159	76,079	780,000	313,628	8,260,227
2001	3,351,111	11,706	3,672,522	641,331	74,396	1,245,781	461,824	9,458,671
2002	3,522,775	1,523	3,507,227	629,821	49,844	905,962	349,053	8,966,205
2003	3,657,846	1,460	2,982,213	607,504	41,677	900,981	342,645	8,534,326
2004	3,725,194	1,217	3,500,054	627,839	56,288	1,194,019	373,582	9,478,193
2005	3,862,055	1,306	3,204,091	673,304	46,536	850,619	236,609	8,874,520
2006	3,945,204	1,612	3,021,994	503,420	50,959	830,983	207,075	8,561,247
2007	4,151,376	1,550	3,164,788	273,621	54,191	876,764	392,306	8,914,596
2008	4,329,778	1,725	3,697,812	334,261	56,900	758,103	414,037	9,592,616

<sup>1</sup>Includes General, Major Street, Local Street, Library and Bezdold Funds.



## REAL AND PERSONAL PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

<u>Fiscal Year Ended June 30,</u>	<u>Total Tax Levy</u>	<u>Total Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections to Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Percent of Delinquent Taxes to Tax Levy</u>
1999*	\$2,978,829	\$ 2,901,553	97.41	\$ 22,018	\$ 2,923,571	98.14	\$ 30,667	1.03
2000*	3,146,251	3,120,373	99.18	24,040	3,144,413	99.94	28,873	.92
2001*	3,238,742	3,214,745	99.26	34,127	3,248,871	100.31	19,493	.60
2002*	3,403,742	3,376,759	99.21	23,863	3,400,622	99.91	22,634	.66
2003*	3,545,866	3,516,148	99.16	17,683	3,533,831	99.66	35,003	.99
2004*	3,629,103	3,605,702	99.36	18,885	3,624,587	99.88	37,741	1.04
2005*	3,760,903	3,744,006	99.55	28,449	3,772,456	100.31	26,794	.71
2006*	3,883,469	3,869,400	99.64	12,099	3,881,499	99.95	33,434	.86
2007*	4,071,825	4,057,090	99.64	9,400	4,066,490	99.87	38,705	.95
2008*	4,247,875	4,231,386	99.61	15,775	4,247,161	99.98	39,754	.93

\*Beginning in the fiscal year ended June 30, 1982, Delta County formulated a tax revolving fund, whereby they purchase the uncollected balance of the current real property tax levy, which becomes delinquent on March 1. The County will retain the delinquent collections and interest as they are collected.

TAXABLE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY<sup>1</sup>

Last Ten Fiscal Years

Fiscal Year Ended June 30.	Real Property		Personal Property		Total		Ratio of Total Taxable Value to Total Estimated Value
	Taxable <sup>1</sup> Value	Estimated Actual Value	Taxable <sup>1</sup> Value	Estimated Actual Value	Taxable <sup>1</sup> Value	Estimated Actual Value	
1999	\$161,614,523	\$372,253,450	\$ 19,690,694	\$ 39,540,124	\$181,305,217	\$411,793,574	44.03
2000	169,683,171	423,492,984	19,753,218	40,057,550	189,436,389	463,550,534	40.87
2001	176,263,618	446,187,192	18,365,759	36,731,518	194,629,377	482,918,710	40.30
2002	185,685,617	518,521,084	19,126,149	38,252,298	204,811,766	556,773,382	36.79
2003	194,323,465	499,964,674	19,850,412	40,169,886	214,173,877	540,134,560	39.65
2004	202,613,242	509,651,888	16,607,906	33,215,812	219,221,148	542,867,700	40.38
2005	211,764,531	547,814,648	16,384,409	32,768,818	228,148,940	580,583,466	39.30
2006	218,520,278	553,499,468	16,712,115	33,424,230	235,232,393	586,923,698	40.08
2007	230,278,798	556,243,644	17,843,715	35,687,430	248,122,513	591,931,074	41.92
2008	238,549,149	566,335,400	17,777,660	35,555,320	256,326,809	601,890,720	42.59

Source: City of Escanaba Assessor's Department

<sup>1</sup>Taxable values are as of the December 31, prior to the beginning of the fiscal year.

## CITY OF ESCANABA, MICHIGAN

Table 5  
(unaudited)

## PROPERTY TAX RATES - ALL OVERLAPPING GOVERNMENTS (PER \$1,000 OF ASSESSED VALUE)

Last Ten Fiscal Years

Fiscal Year Ended June 30.	City of Escanaba	Delta County	Escanaba Area Public School	Delta- Schoolcraft Intermediate School District	Bay de Noc Community College	Pinecrest Debt	State ED	Total <sup>1</sup>
1999	17.00	6.5983 <sup>2</sup>	1.05	2.5117	3.3735	.45	6.00	36.9835
2000	17.00	6.5607 <sup>2</sup>	1.01	2.4917	3.36	.45	6.00	36.8724
2001	17.00	6.6319 <sup>2</sup>	1.03	2.4807	3.3585	-	6.00	36.5011
2002	17.00	6.6112 <sup>2</sup>	3.06	2.4695	3.3511	-	6.00	38.4918
2003	17.00	6.6097 <sup>2</sup>	3.02	2.4596	3.3506	-	6.00	38.4399
2004	17.00	6.5719 <sup>2</sup>	3.11	2.4375	3.5000	-	5.00	37.6194
2005	17.00	6.5458 <sup>2</sup>	3.08	2.4191	3.5000	-	6.00	38.5449
2006	17.00	7.1104 <sup>3</sup>	3.08	2.3994	3.5501	-	6.00	39.1399
2007	17.00	7.5897 <sup>4</sup>	2.91	2.3851	3.5337	-	6.00	39.4185
2008	17.00	7.5897 <sup>4</sup>	2.89	2.3851	3.5225	-	6.00	39.3873

Source: City of Escanaba Assessor's Department

<sup>1</sup>The amounts for fiscal years ended 6/30/99 and later reflect the tax rate for owner occupied residential property. Other property types would see tax rates of up to 18 mills higher.

<sup>2</sup>Beginning in the fiscal year ended 6/30/92, Delta County's tax rate includes extra millage for Sheriff's Patrol and Community Action Agency. For the fiscal year ended 6/30/08, these amounts were .8749 and .5831, respectively.

<sup>3</sup>Beginning in the fiscal year ended 6/30/06, extra voted millage for the Delta County Central Dispatch authority was included in Delta County's tax rate. The amount for fiscal year ended 6/30/08 was .5000.

<sup>4</sup>Beginning in the fiscal year ended 6/30/07, extra voted millage for the Delta Area Transit Authority was included in Delta County's Tax rate. The amount of fiscal year ended 6/30/08 was .6000.

## COMPUTATION OF LEGAL DEBT MARGIN

June 30, 2008

2008 Taxable Valuation (as of December 31, 2007)		<u>\$263,301,053</u>
Debt limit - 10 percent of assessed value <sup>1</sup>		\$ 26,330,105
Amount of outstanding debt	\$ 9,787,471	
Less: Revenue bonds <sup>2-d</sup>	( 6,384,969)	
Non-Bonded Debt	( 142,502)	
Bonds issued to Abate Pollution <sup>2-f</sup>	<u>-</u>	
	<u>\$ 3,260,000</u>	<u>3,260,000</u>
LEGAL DEBT MARGIN		<u>\$ 23,070,105</u>

---

<sup>1</sup>Act 279, Public Acts of Michigan, 1909, as amended, provides that the net indebtedness of the City shall not exceed 10 percent of all assessed real and personal property in the City.

<sup>2</sup>Bonds which are not included in the compilation of legal debt margin according to Act 279, Public Acts of Michigan, 1909, are:

- a. Special Assessments Bonds
- b. Mortgage Bonds
- c. Motor Vehicle Highway Funds Bonds
- d. Revenue Bonds
- e. Bonds issued, or contracts or assessments obligations, incurred to comply with an order of the Water Resources Commission or a Court of Competent Jurisdiction
- f. Other obligations incurred for water supply, sewage, drainage or refuse, disposal projects necessary to protect the public health by abating pollution

## COMPUTATION OF DIRECT AND OVERLAPPING DEBT

June 30, 2008

<u>Jurisdiction</u>	<u>Net Bonded Debt Outstanding</u>	<u>Percentage Applicable to the City of Escanaba</u>	<u>Amount Applicable to the City of Escanaba</u>
City of Escanaba <sup>1</sup>	\$ 3,260.000	100.00%	\$ 3,260.000
Escanaba Area Public Schools	17,345.000	45.48%	7,888.320
Delta-Schoolcraft Intermediate School District	-	18.52%	-
Bay de Noc Community College <sup>2</sup>	5,475.000	24.38%	1,334.650
Delta County <sup>3</sup>	<u>8,765.000</u>	24.38%	<u>2,136.659</u>
TOTALS	<u>\$ 34,845.000</u>		<u>\$ 14,619.629</u>

Source: City of Escanaba Assessor's Department

<sup>1</sup>Net bonded debt outstanding includes only bonded debt to be repaid with property tax proceeds. Not included for purposes of this schedule is any debt: (a) to be repaid out of Utility Fund proceeds or (b) non-bonded debt.

<sup>2</sup>Net bonded debt outstanding does not include outstanding revenue bonds, used for the construction of the College's dormitories, as this debt is to be repaid with rental payments.

<sup>3</sup>Net bonded debt does not include general obligation limited tax notes, to be repaid with delinquent property tax collections nor does it include any notes payable, secured by airport property.

WATER UTILITY BONDS  
ANALYSIS OF INCOME AVAILABLE FOR DEBT RETIREMENT

Last Ten Fiscal Years

Fiscal Year Ended June 30.	Net Income	Depre- ciation	Interest on Bonds	Income Available for Bond and Interest Redemption	Debt Service Requirements			
					Principal	Interest	Total	Coverage
1999	\$ (31,400)	\$ 182,155	\$ -	\$ 150,755	\$ -	\$ -	\$ -	n/a
2000	(38,860)	186,192	-	147,332	-	-	-	n/a
2001	(43,563)	202,305	-	158,742	-	-	-	n/a
2002	(58,514)	212,305	-	153,791	-	-	-	n/a
2003	(4,677)	192,696	22,275	210,924	-	22,275	22,275	9.47
2004	(20,042)	208,464	59,311	247,733	-	59,311	59,311	4.18
2005	(96,307)	246,059	69,419	219,171	110,000	69,419	179,419	1.22
2006	(25,033)	245,179	63,937	284,083	110,000	63,937	173,937	1.63
2007	45,849	244,339	61,095	351,283	115,000	61,095	176,095	1.99
2008	(13,463)	327,196	93,880	407,613	115,000	93,880	208,880	1.95

WASTE WATER UTILITY BONDS  
ANALYSIS OF INCOME AVAILABLE FOR DEBT RETIREMENT

Last Ten Fiscal Years

Fiscal Year Ended June 30.	Net Income	Depre- ciation	Interest on Revenue Bonds	Income Available for Bond and Interest Redemption	Debt Service Requirements			
					Principal	Interest and Fees	Total	Coverage
1999	\$ 165,744	\$ 186,022	\$ 25,740	\$ 377,506	\$ 60,000	\$ 25,740	\$ 85,740	4.40
2000	109,017	217,652	45,447	372,116	100,000	45,447	145,447	2.56
2001	38,661	231,876	40,221	310,758	104,338	40,221	144,559	2.15
2002	(26,028)	205,555	38,025	217,552	105,000	38,025	143,025	1.52
2003	39,205	206,763	35,825	281,793	105,000	35,825	140,825	2.00
2004	(93,038)	201,739	33,466	142,167	115,000	33,466	148,466	.96
2005	(85,363)	200,214	31,053	145,904	115,000	31,053	146,053	1.00
2006	(5,676)	202,662	28,641	225,627	115,000	28,641	143,641	1.57
2007	98,382	202,562	26,228	327,172	115,000	26,228	141,228	2.32
2008	(43,025)	208,153	23,656	188,784	125,000	23,656	148,656	1.27



ELECTRIC UTILITY  
COMPARATIVE STATISTICAL INFORMATION

For the Years Ended June 30, 2008 and 2007

	Year Ended June 30.		Year Ended June 30.	
	2008	2007	2008	2007
	Number of KWh		Per KWh	
OPERATING REVENUES:				
Residential sales	34,798,800	34,651,173	0.100210	0.103016
Hot water sales	380,146	396,571	0.092551	0.096239
Electric heat	343,434	374,401	0.089307	0.091364
Commercial sales	45,906,739	48,521,866	0.092837	0.095069
Industrial sales	62,678,466	62,842,634	0.080261	0.080187
Municipal	6,281,363	6,352,048	0.089298	0.091233
Dusk to Dawn	537,120	551,206	0.095777	0.097726
Street lighting	1,958,404	1,998,727	0.080126	0.080772
Dispatching	6,556,450	4,875,160	0.252259	0.266093
TOTAL OPERATING REVENUES	<u>159,440,922</u>	<u>160,563,786</u>	<u>0.095764</u>	<u>0.095826</u>
OPERATING EXPENSES:				
Production	165,549,751	166,079,491	0.081995	0.077940
Transmission/Distribution/Services			0.002691	0.002412
Administration/General			0.005062	0.005570
Provision for depreciation			0.006240	0.005130
Taxes paid to General Fund			0.000000	0.000000
General Fund Administration and Collection			0.002994	0.002629
Unaccounted for	( 6,108,829)	( 5,515,705)	0.003792	0.003217
TOTAL OPERATING EXPENSES	<u>159,440,922</u>	<u>160,563,786</u>	<u>0.102774</u>	<u>0.096898</u>
Operating income			(0.007010)	(0.001072)
Miscellaneous income			0.000449	0.000858
Interest earnings			0.006530	0.006159
TOTAL OPERATING AND OTHER INCOME			(0.000031)	0.005945
Contributions to Other Funds			0.002908	0.002887
NET INCOME			<u>(0.002939)</u>	<u>0.003058</u>

	Year Ended June 30.	
	2008	2007
TOTAL NUMBER OF SERVICES:		
Residential	5,931	5,961
Hot Water	178	181
Heating	29	30
Commercial	1,035	1,038
Industrial	34	29
Municipal	93	94
AVERAGE KILOWATTS PER SERVICE:		
Residential	5.867	5.813
Hot Water	2.136	2.191
Heating	11.843	12.480
Commercial	44.354	46.746
Industrial	1,843.484	2,166.987
Municipal	67.542	67.575
AVERAGE REVENUE PER SERVICE:		
Residential	\$ 588	\$ 599
Hot Water	\$ 198	\$ 211
Heating	\$ 1,058	\$ 1,140
Commercial	\$ 4,118	\$ 4,444
Industrial	\$ 147,959	\$ 173,765
Municipal	\$ 6.031	\$ 6.165

## DEMOGRAPHIC STATISTICS

Last Ten Fiscal Years

<u>Fiscal Year Ended June 30.</u>	<u>Population<sup>1</sup></u>	<u>Per Capita Income<sup>1</sup></u>	<u>K-12 School Enrollment<sup>2</sup></u>	<u>Unemployment Rate<sup>3</sup></u>
1999	13,280 (estimate)	Not available	3,660	5.8
2000	13,140	\$17,589	3,522	5.3
2001	12,971 (estimate)	Not available	3,390	6.4
2002	12,839 (estimate)	Not available	3,329	7.4
2003	12,769 (estimate)	Not available	3,239	8.4
2004	12,716 (estimate)	Not available	3,102	7.9
2005	12,628 (estimate)	Not available	3,013	7.2
2006	12,575 (estimate)	Not available	2,960	7.1
2007	12,436 (estimate)	Not available	2,882	7.6
2008	Not available	Not available	2,778	8.3

Sources:

<sup>1</sup>Bureau of Census and U.S. Department of Commerce.<sup>2</sup>Escanaba Area Public Schools (Note: enrollments include students from outside the City of Escanaba).<sup>3</sup>Michigan Employment Security Agency (Note: includes total Delta County area; figures on a calendar year basis, except 2008, which is through October, 2008).

## PRINCIPAL TAXPAYERS

Fiscal Year Ended June 30, 2009<sup>1</sup>

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Taxable Valuation</u>	<u>Percentage of Total Taxable Valuation</u>
Rubloff Delta LLC	Shopping Center	\$4,610,592	1.75
UP Enterprises LLC	Commercial Real Estate	4,275,984	1.62
Wal-Mart	Retail Sales	3,873,682	1.47
Dagenais Real Estate	Commercial Real Estate	3,773,456	1.43
Elmer's County Market	Food Sales	2,115,911	0.80
Ciena Capital Funding	Motel	1,992,007	0.76
UP State Bank	Banking	1,776,861	0.67
Shopko Properties	Retail Sales	1,695,896	0.64
Bosk Properties	Commercial Real Estate	1,554,208	0.59
ALC Northwoods	Assisted Living	1,379,122	0.52

Source: City of Escanaba Assessor's Department

Note: This table does not include I.F.T. certificates.

---

<sup>1</sup>Valuation as of 12/31/07 becomes the "2008 Taxable Valuation." This value is used to compute City property taxes for July 2008, which finance City operations through the fiscal year ended June 30, 2009.

## MISCELLANEOUS STATISTICS

June 30, 2008

Date of incorporation	1883
Form of government - since 1922	Council-Manager
Area	12.81 square miles
Miles of streets	83.01 miles
Miles of paved roads	79.04 miles
<b>PUBLIC SAFETY - JOINT POLICE/FIRE PROTECTION</b>	
Number of stations	1
Number of public safety officers	34
<b>ELECTRIC DEPARTMENT</b>	
Capacity	41.0 megawatts
Peak use during fiscal year	30.2 megawatts
<b>WATER DEPARTMENT</b>	
Number of accounts	5,750
Average daily consumption	1,300,000 gallons/day
Pumping capacity	7,500,000 gallons/day
Storage capacity	2,000,000 gallons
Design capacity	8,000,000 gallons/day
Miles of water mains	77.12 miles
<b>WASTEWATER DEPARTMENT</b>	
Average daily treatment	1,800,000 gallons/day
Design capacity	2,200,000 gallons/day
Treatment	Activated sludge process
Miles of sanitary sewer	77.80 miles
Miles of storm sewers	48.91 miles
<b>CULTURE AND RECREATION</b>	
Public Library:	
Volumes	74,689
2007-08 circulation	123,248
Number of registered users	11,239
Parks and recreation areas	504.5 acres
Recreation buildings	1
Outdoor skating rinks - natural ice	3
Softball/baseball fields	9
Outdoor band shell	1
Basketball courts - indoor and outdoor	4
Tennis courts	9
Marina	165 berths
Public boat launches	2

## RATIO OF NET DEBT TO ASSESSED VALUE AND NET DEBT PER CAPITA

Last Ten Fiscal Years

As of June 30.	Population <sup>1</sup>	Taxable Value <sup>2</sup>	Gross Debt <sup>3</sup>	Less Debt Payable from Enterprise Funds	Net Debt <sup>4</sup>	Net Debt to Taxable Value	Net Debt per Capita
1999	13,280 (est)	\$181,305,217	\$ 6,180,629	\$ 1,983,629	\$ 4,197,000	2.31%	316.04
2000	13,140	189,436,389	6,770,338	2,058,338	4,712,000	2.49%	358.60
2001	12,971 (est)	194,629,377	7,091,500	1,942,000	5,149,500	2.65%	397.00
2002	12,839 (est)	204,811,766	6,816,540	1,825,000	4,991,540	2.44%	388.78
2003	12,769 (est)	214,173,877	8,813,732	3,954,354	4,859,378	2.27%	380.56
2004	12,716 (est)	219,221,148	8,888,503	4,331,000	4,557,503	2.08%	358.41
2005	12,628 (est)	228,148,940	8,417,753	4,094,000	4,323,753	1.90%	342.39
2006	12,575 (est)	235,232,393	7,967,003	3,845,000	4,122,003	1.75%	327.79
2007	12,575 (est)	248,122,513	8,209,277	4,313,025	3,896,252	1.57%	309.84
2008	12,436 (est)	256,326,809	9,787,471	6,104,969	3,682,502	1.44%	296.12

Sources:

<sup>1</sup>Bureau of Census, U.S. Department of Commerce. Where actual or estimate not available, previous available population utilized.

<sup>2</sup>From Table 4

<sup>3</sup>Does not include non-bonded debt secured on equipment

<sup>4</sup>Includes DDA Revenue Bond.



**ANDERSON, TACKMAN & COMPANY, PLC**

CERTIFIED PUBLIC ACCOUNTANTS

OFFICES IN MICHIGAN AND WISCONSIN

Kristine P. Berhow, CPA, Principal  
Alan M. Stotz, CPA, Principal  
Raymond B. LaMarche, CPA, Principal  
Erkki M. Peippo, CPA, PC, Principal

Kevin C. Pascoe, CPA  
Laura L. Schwalbach, CPA

**REPORT TO MANAGEMENT**

Honorable Mayor, Members of the City Council,  
And City Manager  
City of Escanaba, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Escanaba (the City) for the year ended June 30, 2008, and have issued our report thereon dated December 8, 2008. Professional standards require that we provide you with the following information related to our audit.

**Our Responsibilities under U.S. Generally Accepted Auditing Standards and OMB Circular A-133**

As stated in our engagement letter dated July 21, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also in accordance with OMB Circular A-133, we examined, on a test basis, evidence about the City's compliance with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" applicable to each of its major federal programs for the purpose of expressing an opinion on the City's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the City's compliance with those requirements.

**(Other Information in Documents Containing Audited Financial Statements)**

**Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope and timing previously communicated to you in our letter about planning matters on July 21, 2008.

**Significant Audit Findings**

**Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended June 30, 2008. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements



and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the useful lives of fixed assets and the market value of investments is based on past experience with similar fixed assets and stated market valuations for investments. We evaluated the key factors and assumptions used to develop the estimates described above in determining that it is reasonable in relation to the financial statements taken as a whole.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

#### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated December 8, 2008.

#### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

#### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

During our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated December 8, 2008, on the financial statements of the City.

This information is intended solely for the use of the City Council and management of the City of Escanaba and is not intended to be and should not be used by anyone other than these specified parties.

*Anderson, Tackman & Company P.C.*

Certified Public Accountants

December 8, 2008



## CITY OF ESCANABA

### **COMMENTS AND RECOMMENDATIONS**

**June 30, 2008**

#### **BUDGET NONCOMPLIANCE**

During the year the City has not complied with certain provisions of the Michigan Uniform Budgeting and Accounting Act. The item of noncompliance is as follows:

The following function of the General Fund was overspent:

City elections	\$ 135
----------------	--------

We recommend that the City continue to monitor the budget to comply completely with the Michigan Uniform Budgeting and Accounting Act.

#### **UPSET FUNDS**

The City operates as the depository for UPSET forfeiture funds. There is little, if any, ability for the City to determine the accuracy of funds received. There is also very little City control over the expenditure of these funds. We recommend that the need of the City's involvement be researched, and that these funds be turned over to UPSET's control, if appropriate.

#### **ACCOUNTS RECEIVABLE**

During our audit we noted that several receivables that are quite delinquent. We also noted that during the fiscal year the City's management has made a concerted effort to address these receivables. We recommend that the City continue these efforts and to determine if any of these receivables need to be written off.

#### **DDA FAÇADE LOANS**

The Downtown Development Authority has been involved in the façade loan program for several years. Under the provisions of this program, one-half of the loan is forgiven over a five-year period and the other half of the loan is payable back to the DDA, if and when the building is sold. Presently the mechanism in place to track these receivables is not entirely accurate. We recommend that the system used to track these receivables be improved to provide complete accuracy.